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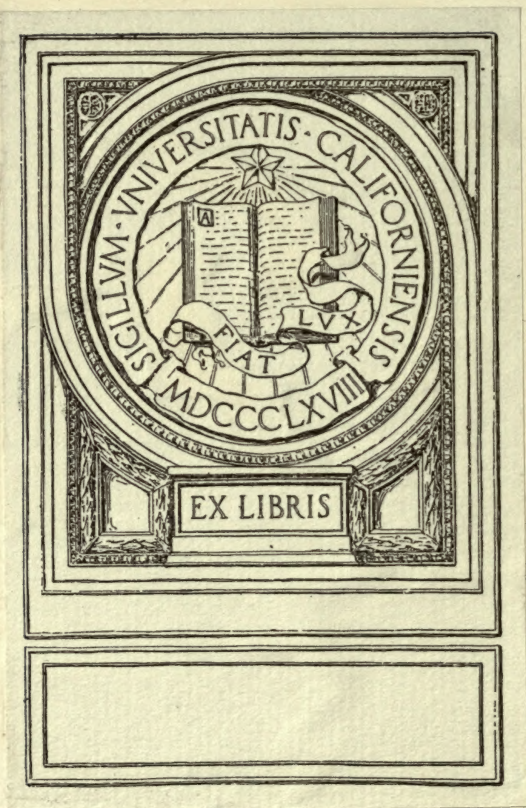
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# INTERNATIONAL TRADE CONFERENCE



1919










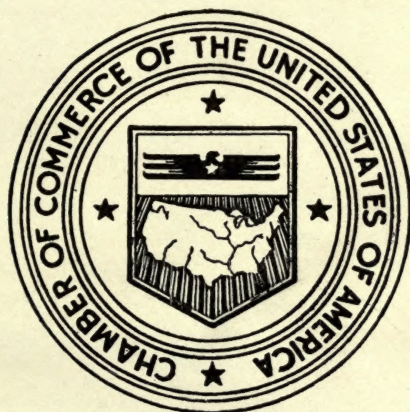




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INTERNATIONAL  
TRADE CONFERENCE



1919







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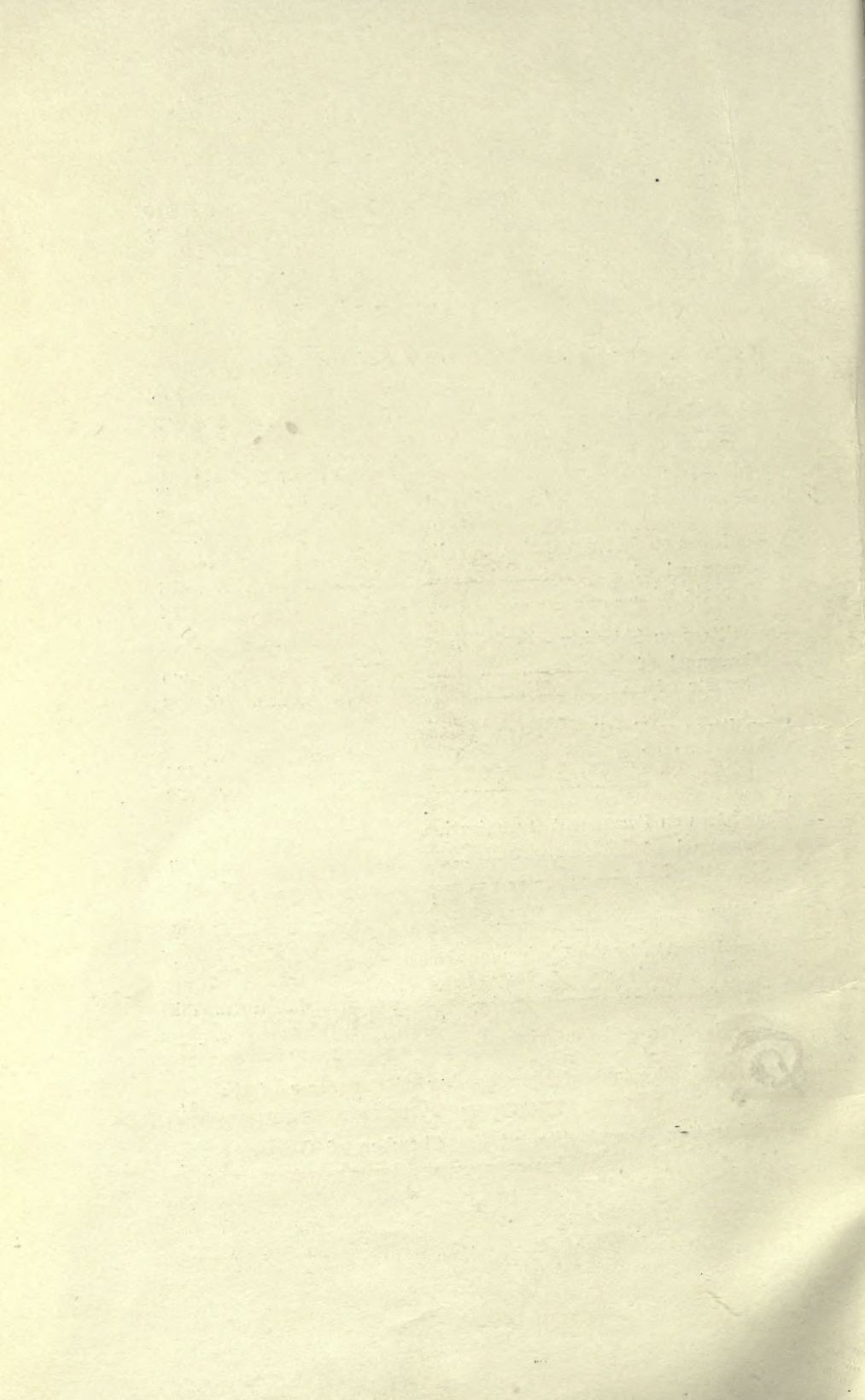
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## FOREWORD.

**T**O advance in detail a dogmatic prediction as to the practical results of the International Trade Conference so shortly after its adjournment, and until the great mass of information and proposals have been sifted and clarified, is a responsibility I shall not undertake.



ALFRED C. BEDFORD

Nevertheless, I have and always have had well defined views upon the lasting value of this Conference of representatives of the five nations whose joint participation in the war so strikingly illustrated the effectiveness of unity of purpose and action. As our generals and our armies met upon the fields of France, Flanders and Italy, to prevent world destruction, so was this meeting of the industrial, financial and economic leaders of the Allied

countries and the United States for a single purpose—the restoration of the world's commerce to a normal basis. Out of multiclicity of council comes wisdom, and no one who attended and participated in these councils could be but struck with the intense earnestness, the intelligence, the disposition for friendly fair play and the will to succeed which animated our distinguished guests from over-

seas and the American business men who joined with them.

One thing may be certain. The Conference, in conception, in execution and in probable results, was the most important international trade meeting in history. It serves as a corollary to the Peace Conference and was a natural and inevitable outcome of the situation in which the world was left by the devastating war which rocked human institutions to their foundations.

In this brief foreword I feel called upon to pay special tribute to the patriotism, self-sacrifice and intelligence of our foreign guests and our own countrymen and to the committeemen, officers and executives of the Chamber of Commerce of the United States who formed effective and coördinating parts of this newly erected piece of international trade machinery, the permanent completion and effective operation of which is the earnest desire and fixed determination of each of us who participate in its construction.

ALFRED C. BEDFORD,

*Chairman, Executive Committee, International Trade Conference; Vice President, Chamber of Commerce of the United States; Chairman, Board of Directors, Standard Oil Co.*

NEW YORK, October 31, 1919.



### Purposes of the Conference.

The International Trade Conference was called for the definite purpose of ascertaining: (1) the material and economic needs of the four principal allied nations—Belgium, France, Great Britain, Italy—both immediate and continuing, and (2) to what extent the United States could and should supply those needs, and how.

The idea of the Conference was germinated when representatives of the United States Chamber of Commerce attended an informal meeting of the Permanent Organization Committee of the International Congress of Chambers of Commerce held in Paris in the spring of 1919. Mr. Edward A. Filene, of Boston, Mass., a director of the United States Chamber of Commerce, and Mr. Edward G. Miner, of Rochester, N. Y., later joined by Mr. Thomas W. Lamont and Mr. A. C. Bedford, of New York (the latter a vice president of the United States Chamber of Commerce), and Mr. Elliot H. Goodwin,

General Secretary, laid the plan before the proper persons and organizations in the four countries named, and as a result it was determined that the Chamber of Commerce of the United States should invite representatives from each of those countries to come to the United States and discuss these problems with the business men of America. In each country, as well as America, care was taken to obtain the acceptance of those men who



ELLIOT H. GOODWIN.

could speak with authority upon the separate vital needs of Credit and Finance, Chemicals, Coal, Petroleum, Metals, Foodstuffs, Reconstruction Supplies, and Textiles. Anticipating the inevitable demand for continuity of activity, these were supplemented by a Joint Committee on Permanent Organization.

The openhanded invitation of America, the country having the resources of raw material, foodstuffs, manufactures and capital upon which heavy drafts could be made, was accepted in the spirit offered, with the result that some sixty picked European men of affairs came to the United States and sat in continuous conference with a still larger number of leading American business men in an endeavor to arrive at a solution of these grave and pressing problems.

The first days were given over to group meetings of the twenty committees (ten from each of the five countries involved), each dealing with the ten major topics, and finally evolving into the general sessions participated in by the business men from all parts of the United States, described by Mr. F. O. Watts of St. Louis, Mo., former president of the American Bankers' Association, as "the most notable gathering of business men held in America," and where the result of the intensive labors of the committees were set forth.

### Executive Committee.

ALFRED C. BEDFORD, Chairman, New York, Standard Oil Co.

JOHN H. FAHEY, Vice Chairman, Boston, St. Johns River Shipbuilding Co.

ANDREW H. PHELPS, Eastern District Secretary, Chamber of Commerce of the United States, New York.

DELOS W. COOKE, New York, Cunard Steamship Co.

JOSEPH H. DEFREES, Chicago, Defrees, Buckingham & Eaton.

JAMES A. FARRELL, New York, Chairman, National Foreign Trade Council.

HOMER L. FERGUSON, Newport News, Newport News Shipbuilding and Dry Dock Co.

EDWARD A. FILENE, Boston, William Filene's Sons Co.

THOMAS W. LAMONT, New York, J. P. Morgan & Co.



OWEN D. YOUNG, New York, General Electric Co.

IVY L. LEE, New York.

ALFRED E. MARLING, New York, President, Chamber of Commerce of the State of New York.

EDWARD G. MINER, Rochester, The Pfaulder Co.

WILLIAM FELLOWES MORGAN, New York, President, Merchants' Association of New York.

LEWIS E. PIERSON, New York, Irving National Bank.

R. GOODWYN RHETT, Charleston, S. C., Peoples National Bank.

GEORGE ED. SMITH, New York, President, American Manufacturers' Export Association.

ERNEST T. TRIGG, Philadelphia, John Lucas & Co.

HARRY A. WHEELER, Chicago, Union Trust Co.

THEODORE F. WHITMARSH, New York, Francis H. Leggett & Co.

### Arrival at New York.

The Commissioners from overseas arrived at New York on the United States Transport *Northern Pacific*, Sunday morning, October 12, accompanied by Mr. Edward A. Filene, director of the United States Chamber of Commerce, and Mr. Ben. H. Lambe of the Washington office of the Chamber. They were met by Mr. Louis E. Pierson, chairman, and members of the Reception Committee, Mr. A. C. Bedford, chairman of the Executive Committee, and others, and driven to the Waldorf-Astoria Hotel, to remain until Friday, October 17.

### Preliminary Meetings in New York.

The interim between arrival in New York and departure for Atlantic City was employed most effectively. Arrangements had been made for a series of "rotary" meetings between each of the foreign commissions sitting en bloc, and representatives of each of the ten topical committees from the American side. For three days these intensive meetings were held, serving as a dress rehearsal for the formal meetings at Atlantic City, clearing away a great quantity of surplus matter, allowing the American Committee to become personally acquainted with the Europeans and permitting the Atlantic

City Conferences to get under way with a minimum loss of time.

No attempt at formal entertainment was made, that being reserved for the Merchants' Association and Chamber of Commerce of New York, upon the return of the commissions from their tour of the industrial centers of the country.

On Friday morning a special train took the commissioners, many New York committeemen and officials of the United States Chamber of Commerce to Atlantic City, where, aside from some few informal meetings, the guests were left free to enjoy themselves until the serious labors of the Conference formally began.

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### Personnel of Foreign Commissions.

#### BELGIUM.

- M. FLORIMOND HANKAR, Chairman; Director, National Bank of Belgium; Honorary Director General, Savings Bank of Belgium.
- M. CANON-LEGRAND, President, Chamber of Commerce, Mons; Construction Engineer; Permanent President, International Congress of Chambers of Commerce.
- M. ALBERT NEVE, Departmental Director, Ougree-Marihayé Works, Liège.
- M. ALBERT E. JANSSEN, Director, National Bank of Belgium, Professor University of Louvain.
- M. ALEXANDRE DE GROOTE, Vice-President, Antwerp Chamber of Commerce.
- PROF. PAUL VAN DEN VEN, University of Louvain, Delegate of Belgian Minister of Finance at Paris Conference.

#### FRANCE.

- M. EUGENE SCHNEIDER, Chairman of Mission, Head of Creusot Steel Works; President of Iron and Steel Institute of Great Britain; former Member of Chamber of Deputies.
- M. TIRMAN, Councillor of State; Representative of French Ministry of Commerce.
- M. LE BARON DU MARAIS, Vice-Chairman of Mission; Director of Credit Lyonnais.
- M. ANDRE HOMBERG, Vice-President of the Societe Generale.
- M. PELLERIN DE LA TOUCHE, President of French Transport-Atlantic Line; President of Paris Subways.



- M. WADDINGTON, Textile Manufacturer; Vice-President of Syndicat Normand du Tissage.
- M. ROCHE, Delegate of General Syndicate of Chemical Products; Director of the firm of Poulene Brothers.
- M. JULIEN POTIN, Vice-President of Biscuit Syndicate; President of Dry Vegetable Syndicate; President of Potin & Company.
- M. GODET, former President of the Tribunal of the Section of Commerce of the Seine; ex-President of the General Association of Textiles; Member of Chamber of Commerce of Paris; Delegate of the Confederation Generale de Production.
- M. LE COMMANDANT VARAIGNE, head of French Mission associated with the American Services in Paris.
- M. FRANCOIS-PONCET, Delegate of the Steel Committee in France.
- M. PESSON-DIDION, Mining Engineer; Delegate of the Union of Metallurgical and Mining Industries; Director of the Societe Centrale pour l'Industries Electrique.
- M. DOLLEANS, Professor of Political Economy at University of Dijon.
- M. PARMENTIER, Engineer; Delegate to the Ministers of Commerce and Public Works; Assistant to M. Pellerin de la Touche.
- M. LOIZEAU, Engineer of the Credit Lyonnais; Assistant to M. le Baron du Marais.
- M. COLLIN, Engineer at Schneider establishment; Assistant to the President of the Mission.
- M. DE FREMINVILLE, Engineer at Schneider establishment.
- M. MAZOT, General Secretary of the French High Commission; General Secretary of the Mission.
- M. BOYER, Director of American Services in the Bank of Paris; Assistant General Secretary.
- M. PIERRE LEHIDEUX, Secretary.

#### GREAT BRITAIN.

- SIR ARTHUR SHIRLEY BENN, K. B. E.; M. P.; Chairman, London.
- SIR JAMES HOPE SIMPSON, Director and General Manager, Bank of Liverpool.
- HON. J. G. JENKINS, Corbiston, London; Member of Finance, General Purposes and Merchants' Committees, London Chamber of Commerce; V. P., British Producers' Association; former Premier, South Australia.
- MR. MARSHALL STEVENS, M. P., Manchester.
- BAILIE JOHN KING, Chairman, National Light Castings Association, Glasgow.
- MR. FRANK MOORE, Moore, Eady & Murcott Goode, Ltd., Leicester.

#### *Secretaries:*

- MR. GEORGE BERKES, Assistant Secretary, Federation of British

Industries, London; Associate Member, Chartered Institute of Secretaries.

LIEUT. A. S. JARRATT, Manchester.

### ITALY.

COMMANDER ENGINEER FERDINANDO QUARTIERI, Chairman; President of the Italian Corporation for Chemical Industries and other Italian companies.

COMMANDER PROF. BERNARDO ATTOLICO.

COMMANDER ENGINEER DR. LUIGI LUIGGI, Member of the State Council of Public Works; Professor at the University of Rome.

COMMANDER PROF. VITTORIO MENEGHELLI, President, Chamber of Commerce of Venice.

COMMANDER GIORGIO MYLIUS, President of the Italian Master Cotton Spinners' and Weavers' Association.

COMMANDER DOMENICO GIDONI, Delegate of the Italian Treasury.

COMMANDER PIETRO GIOVANNI LAZZERINI, Secretary General.

CHEVALIER GIOVANNI FUMMI, Stock Broker.

COMMANDER ERSILIO BARONI, President of the Italian Union for the Manufacture of Explosives.

COMMANDER DR. AUGUSTO JACCARINO, Representative of the Banco di Napoli.

CHEVALIER GAETANO BIASUTTI, Representative of the Banca Italiana di Sconto.

DR. ILDO MARCHISIO, Representative of the Banco di Roma.

CHEVALIER GUIDO PEDRAZZINI, Representative of the Banca Commerciale Italiana.

CHEVALIER FELICE BAYA, Representative of the Credito Italiano.

MARQUIS T. THEODOLI.

MR. ANTONIO AGRESTI.

ENGINEER MARIO LUIGI LUIGGI.

ENGINEER ARTURO ANZANI.

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### Address by Mr. Homer L. Ferguson,

*President, Chamber of Commerce of the United States, at the Banquet Held at the Hotel Traymore, Atlantic City, Saturday Evening, October 18, 1919*

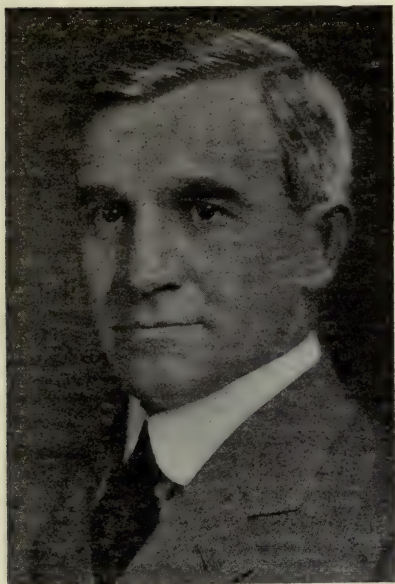
*Gentlemen of the European Commercial Missions:* It gives me great pleasure to welcome you here this evening, and to welcome you to the International Trade Conference at Atlantic City, in the name of the Chamber of Commerce of the United States.

This evening you are our personal guests, as it were,



and we are delighted to have you here and become acquainted with you. We are prepared to like you and we hope you will like us.

During the week we shall have to share your time with the business men of the United States. We have asked you here to meet business men from all over this country, representing every line of industry, and you are here to discuss with them our mutual problems—not only yours of Europe, but ours of America. We feel sure



HOMER L. FERGUSON

that the great task of getting the world on its business feet again is greater than the task which has been met. It cannot be more difficult than the tremendous struggle we have gone through. All of the forces of governments and all of the credits of governments were used to save what we considered the civilized world, and to do this the governments dropped the reins of business. These governments have gone back to attend to their

normal functions and it remains for the business men of the world, as represented by your missions and as represented by the men who will come here to meet you, to help get this old world of ours back again into the normal paths of production and of peace.

I assure you that we hope that in this convention at Atlantic City, in our relations with you and in our intercourse with you, to typify, in some small degree, the spirit of our soldiers who fought with your soldiers; and

who showed that, even though their language might not be the same and even though national training and circumstances might not be the same, yet, when the minds and hearts of men are united by the same purpose, they can work together for the common good of all and they can win in that way the triumphs of peace as well as the triumphs of war.

It gives me great pleasure personally to meet with some friends whom I have known on the other side and whose friends I have known. I claim to be Scotch in origin, Irish by adoption and, later, American by profession. When a young man in the navy, I came very near to being a Frenchman. By the merest chance, by the toss of a coin, I was deprived of three years in Paris. On the old Lancaster, another man and I sat up one night to toss a coin to see which of us was to go to Glasgow and which of us was to go to Paris. He got Paris and I got Glasgow, but I visited in Paris very often and there conceived a liking for our friends across the channel, which has lasted me to this day, and which the boys from Europe brought back with them.

We just want to say to you here that we trust you will stay a long time; we trust you have not your tickets home again. We hope that this is the beginning of a series of International Conferences. We want you to know that the latch-string is always out for you in the United States.

Gentlemen, having discharged my duty to the Convention as the first of our speakers this evening, it gives me great pleasure to turn over the remainder of the program to your very excellent toastmaster, the chairman of the Executive Committee of this Conference, Mr. Bedford.



## Address by Mr. Alfred C. Bedford,

*Chairman, Executive Committee, International Trade Conference.**Saturday Night, October 18, 1919.*

We have been welcoming distinguished visitors from overseas during the past months with more or less frequency, but none on a happier errand or none with any greater feeling of honor and pleasure than we experience tonight in extending our most cordial greetings to the distinguished gentlemen representing the delegations from Belgium, England, France and Italy who are our guests tonight. With memories fresh in our thoughts of the marvelous courage and stupendous sacrifices and sufferings which finally culminated in victory in the most tremendous war the world has ever witnessed, and with the new blood ties growing out of the titanic struggle which bind us to each of your countries, we cannot look upon you as strangers and do not believe you will at any time here feel yourselves in a strange land. You will, I trust, feel the thrill of the new friendships and the new aspirations and sympathies which permeate us as we realize what the bonds forged by the heat and blows of war mean to us. I hope also you will experience a peculiar sense of being at home amongst us as you contemplate the contributions of our national being of your countrymen, by men of your own flesh and blood, who preceded you here, perhaps by a few years, perhaps by a generation or two, but who have made possible much of the achievements that we are proud to show you today. It was your own kith and kind which founded this nation and which has given us our highest ideals and inspirations, and as during the next few weeks you go about among us, you will never find yourself without the company, not only of brothers in sentiment and in action, but those who are bound to you by the ties of blood and of a common ancestry, and who are the leaders of our country today. In every community that you visit I think you will discover many evidences of the impress which your racial habits and customs have made upon,

not alone our business practices, but the whole fabric of our economic, social and religious life. In a word, I hope you will feel no more of the strangeness than is induced by a visit to one's own relatives, even if it be as it must seem to some of you, in a far country.

Of course, you will doubtless observe in the course of your travels, over the next few weeks, marked differences in the peoples of different localities, but I can nevertheless guarantee that you will distinguish no essential difference in the cordiality of the reception accorded you.

But while your visit here is surrounded by this friendly atmosphere, it possesses an import for beyond the gratification of our own pleasure that this reunion must inspire. We must set ourselves to the task of taking an inventory of the necessities of each of the nations we represent, of the ability of each to serve the other and to conceive methods whereby the machinery of international commerce may be again speedily restored, not for the aggrandizement or upbuilding of any one country, but for the common good, and the restoration of the world. If we approach our problems in this spirit and with this as our goal, we may be the pioneers in the movement for a great commercial community of interest, the parties to which will never again lose touch with each other, and which will be for all time a guarantee of peace and security.

It is more, then, than a fraternal welcome that we of the American continent extend to you gentlemen from overseas, as you come among us upon this momentous occasion. It is as if you were a relief force come to assist us in raising a blockade. For against America—as much as against Europe—a blockade by the war's havoc upon that highly sensitive mechanism of the world's trade, threatens and impends. We in this country are loath to speak of the suffering brought about by the war when we realize how small ours has been by comparison with the infinite sacrifices you have been called upon to make. But we of both sides of the ocean know that international commerce had been hundreds of years in ar-



living at that nicety of balance by which the peoples of the different countries were enabled to enrich their lives and add the sum of human comfort by trading freely with each other; and we know that by the breath of war, this finely poised equilibrium was upset, that now, nearly a year since the armistice was signed, our business relations are still far from the stage where the freest interchange of commodities can be resumed. Not only the physical comfort and well-being, but the very lives of millions of people, depend upon this modern mechanism of international trade being restored, upon the barriers which were erected in the wake of war being leveled, until the channels of commerce can be reopened so that the commodities upon which human existence depends, may flow unchecked from where they are most plentiful to where they are most needed. This is the purpose which brings us together.

Almost fantastically strange, economic conditions confront us on every hand, but we cannot be surprised to find that this great war, like other wars, had enormously displaced the ratio between commodities and money, reducing the supplies of commodities and enormously augmenting the paper currency and deposits set off against them. We have to deal with the outcome of this situation, which, as it was inevitable that it should be, is high prices, or rather one of the fundamental causes of high prices, and it seems to me that much of the success of our efforts just now will depend upon how we regard this stepchild of the war.

You are probably familiar with the annual review of the Swiss Bank Corporation for the year 1918, which in its summary shows that, leaving Russia out of consideration, the note circulation of the belligerents increased during the war by 447 per cent, while during the same period their gold reserves increased only 45 per cent.

To me, the existence of this great mass of paper currency precludes the possibility of a rapid fall in prices, even if such a trend would not find formidable obstacles in the great volume of national debts and the determina-

tion of labor to keep wages high. High prices may be regarded as a symptom of unsoundness, but we can all appreciate the danger which would accompany any rapid fall in prices which would cause goods to sell at less than they cost, and the repayment in dear money of debts which had been contracted in cheap money.

For these primary reasons it seems as if we must be reconciled for the time to a changed valuation of money and adjust ourselves to a permanently higher level of prices. I mentioned these few things because in my opinion they have much to do with the matter of credits, and credit is the kernel of the world's problems today. The debt of the Allies to America is of an entirely short-dated character, and it would seem that commercial recovery will have a close relationship to the funding of these debts over a lengthy period. This will permit of the more free movement of foodstuffs and raw materials which are so urgently needed overseas, and which we are determined to strain to the utmost limit of our ability to supply. The question of high prices is neither of dominating influence now, nor will it be of supreme importance, when credits in the long future, are being liquidated. The present duty is to arrange these credits rapidly enough to relieve the existing international situation.

We are anxious to do this. We are prompted not altogether by business reasons to help set the world right and to bring about real prosperity, which we feel can never exist while so large an area of former economic activities are unproductive.

No trade conference ever faced more interesting or perhaps more difficult problems than those that will come before us. A good business man, however, always welcomes new problems that challenges his ingenuity and strength. Great Britain, France, Italy, Belgium and the United States are all in the same boat, in a sea from which buoys and lights have been mostly swept away. We must chart new courses to reopen channels of trade. We must do away with artificial war-created obstacles



as rapidly as possible to permit the resumption of normal movement of goods and credits.

The supply of labor everywhere is inadequate, hence the necessity of increased individual industry and production. Fortunately we have learned to multiply production per capital by more widespread development and use of machinery. Those of us who have witnessed the operation of marvelous devices created to serve as agencies of destruction will be little surprised to find even more ingenious use made of power-driven mechanical devices on the interest of reconstruction. Some of our efforts in this direction you will see for yourselves, as we shall open wide to you the doors of our greatest industrial centers. We do this, knowing that we are not divulging our business secrets, but rather exchanging ideas for those equally valuable. You can teach us perhaps more than we can teach you, and I warn you we do not intend to have you leave these shores, hospitable as they may appear, until we have secured every bit of valuable information which we can get from you. I therefore welcome you to this Conference that we may together study in the common interest, exceeding in importance merely selfish or national aspirations, the re-establishment of the processes of industry and of commerce and the restoration of international trade to normal channels. To the accomplishment of these and kindred aims the International Trade Conference will address itself.

## Address of M. Florimond Hankar.

*Chairman of the Belgian Mission.**Saturday Night, October 18, 1919.*

Were I to indulge in the greatest extravagance in the use of words, I know I should fail to express to you the full measure of our appreciation of the kindly attention and hospitality which has been ours since we arrived on your shores.

We Belgians already are everlastingly indebted to you Americans. Our debt of gratitude to you is one we never shall be able to repay. And now, I and my colleagues find ourselves increasing that obligation. And I may as well be frank and say that we are having the time of our lives doing it. We are shameless about it. However, it is all your fault; I do not believe any creditors ever were so royally welcomed and entertained by their debtors as we have been. It is going to be rather hard to leave you and your country when the time comes for us to go home. We have only been here two days, but I know we are going to hate to leave Atlantic City.

We have heard much of Atlantic City, but we never dreamed that it was like this. We have our Ostend, but we do not have the wonderful hotels and buildings such as you have here. After a strenuous five days in New York, this is a most welcome change. Coming here, I was afraid we would find it difficult to work with your alluring boardwalk and your beach right under our Traymore windows. Atlantic City, however, I should say, is a place where one may work and rest all at the same time. I shall carry away with me very pleasant memories of your city.

We of the Belgian Mission have been amazed at the manner in which we are being conducted on this tour by the various committees in charge. Everything is made so delightful for us. All our wants are anticipated and attended to with a graciousness that is almost making us forget how to look out for ourselves. I am afraid you will spoil us.



I am perfectly sure from what I have seen of the efficient arrangements which you gentlemen and your associates have made that this trip will be most charming and most successful. For, us, the tour holds greater interest perhaps than you can realize. We Belgians are being enabled to see and to meet a people who were the salvation of our country; who fed us when we hungered, who cheered us on when we were low in spirits and who finally gave themselves whole-heartedly to our cause and that of our Allies. We should like to be able to tell every American how deeply grateful Belgium is. Belgium for all time to come will cherish the friendship of America.

We are looking forward with pleasure to the Trade Conference. I am certain it will be a great success with so many Europeans here. You know we Europeans do not travel as you Americans do. We do not like great distances. We do not go across the seas with as little thought as you do. But you made this trip across the Atlantic so attractive and so easy for us that we have come in large numbers to your Conference. I am sure that a great deal of good for you and for us will come out of this meeting in Atlantic City and the tour you have arranged for us.

## Address by M. Eugene Schneider,

*Chairman of the French Mission.**Saturday Night, October 18, 1919.*

*Gentlemen:* Today is our first official meeting with the Chamber of Commerce, and it is a great pleasure for me to thank you for all the courtesy and kindness you have shown us since we landed.

This meeting at a banquet tonight before the opening of our meetings is quite a new idea.



M. SCHNEIDER.

We generally have banquets after the conclusion of our meetings, but you thought, and you were quite right to think so, that the best way was to make friends at first and then to set to work in a more friendly manner. We are, many of us, engineers, and, of course, we easily understand, too, that before starting the engine we must feed the boiler and supply it with fuel.

The hospitality of your people was well known to the Frenchmen. More than a century ago, in the month of July, 1778, the French Ambassador to America wrote to Count de Vergennes: "The amiability of the Americans is so great that I dare not describe it, lest I should be supposed to exaggerate."

You chose this seaside place for our meetings in order to let us enjoy our time when our daily work would be done. We may breathe fresh air and in a similar man-



ner our hearts are filled with a fresh feeling of friendship while we are staying amongst our friends. This ocean is no more an obstacle, but, on the contrary, it will, in the future, help us to draw nearer to each other. As it is the fashion just now for some old European nations to change their names, let us change the name of the ocean and let us write on the new map of the world: the "*Atlantic Channel*."

We have come over to America hoping that frequent and mutual visits might make us understand better and know each other better. We on both sides the new channel know ourselves, we know our plans, we know our own character better than any traveler or expert might hope to know after traveling only a few weeks in our countries.

A man was run over by a motor car and was taken to the hospital with bad wounds. His wife was sent for and was shown the patient's bed. The man had fainted and the doctor said to the poor woman: "I am deeply sorry, Madam, your husband's sufferings have been put to an end by death." The man heard and said "I am not dead." "Hush," answered the wife, "you keep quiet, old man; the doctor knows better than you." Well, gentlemen, we need not have such doctors between you and us and we all know our needs and weaknesses and troubles better than any of those doctors who too often believe in their own infallible knowledge. They often make me think of that gentleman who was choosing a pair of spectacles at the optician's: "These glasses," he says, "are not strong enough for me." "But, sir, they are No. 2." "What have you next to No. 2, and after that?" "After No. 1, sir, you will want a dog to lead you."

We have come to America to work with you and study what we can do for the reinstatement of the world after the terrible hurricane it has gone through. We have not come for our own private affairs. Just before we left Paris we were received by Mr. Poincare, the President of the French Republic, who said to me: "Americans are not prejudiced—they are always ready to listen, and, after

they have carefully considered your arguments, they will tell you frankly 'Yes' or 'No.' " My experience of your countrymen has shown me that Mr. Poincare is right.

Many things have to be done to restore our countries. We have to examine and study a great number of questions and subjects. We are not expecting, of course, that our work will bring us at once to a definite settlement of the world. We must needs have a permanent organization and establish frequent exchanges of views, and get used to work together. We must try and find out the best means of arranging our affairs in order to make it as improbable as may be that humanity would have to suffer from another war, if not forever, at least for a long period of years.

Yesterday I was present at the banquet of the American Manufacturers' Export Association and we had the pleasure of hearing a speech delivered by Secretary of Commerce Redfield on that subject. Mr. Bedford, who was my neighbor, will certainly agree with me when I say that this speech was the best we could have hoped to hear.

Everyone in this country seems to understand things as we do ourselves as regards the principles—the means and ways only are subject to discussion. Let us set to work. I will not detain you any longer, Gentlemen, and as a conclusion I can find no other that would better meet with the approval of all my colleagues than to thank you again for all your courtesies and kindness and tell you what a great pleasure it is for us to stay with you and admire your great high-minded and magnificent country.



Address by Mr. Marshall Stevens, M. P.,  
*Member of the British Mission.*

*Saturday Night, October 18, 1919.*

I thank you, Mr. Chairman and Gentlemen, exceedingly, on behalf of the British Mission for the cordial manner in which you have received the toast to which I am responding.

We come here to you in your great country in no sense officially, but simply as nominees of the Associated Chambers of Commerce of Great Britain, of the Federation of British Industries, with, I hope, one nominee of the Bankers' Association of Great Britain.

Not one of us is authorized to speak on behalf of the associations which have nominated us, much less can we speak with any authority on behalf of our country.

You must, therefore, please accept us as individuals.

We are not here in any sense as suppliants, but as Anglo-Saxons, glad and ready to join Anglo-Saxons, and with them their guests from other countries, in carrying out the great work of commercial reconstruction which the world so badly requires.

Sir Arthur Shirley Benn, M. P., K. B. E., whom we have elected as our chairman, has lived a considerable portion of his life in America, some of the time in Canada, but during most of his business life as a member of the firm of Hunter Benn & Co., at Mobile, Alabama, where he also acted as British Vice-Consul.

Sir Arthur now devotes himself to public duties, and is honorable treasurer to the Associated Chambers of Commerce, and he is always available to assist in the advancement of the interests of the British Empire.

Lady Benn gave up her American independence when, as Miss Luling of Alabama, she married our chairman.

The Hon. John G. Jenkins, a former Premier of South Australia, afterward acted as Agent-General in Great Britain for that state. For the last ten years he has been an active member of the London Chamber of Commerce, and was one of the founders, and now is honorable

treasurer of the British Imperial Council of Commerce.

Mr. Jenkins was born in the United States, and his American birth, his colonial activities, and his renewed activity in Great Britain aptly illustrate the Anglo-Saxon character.

Bailie John King, a native of Glasgow, where he has been Senior Magistrate, can trace his family back through a long line of Covenanting ancestors; he is our best known light casting founder, and a well-known authority upon the heavy metals.

Bailie King, who will be better recognized here as Judge King, is a member of the Council of the Federation of British Industries, which has nominated him to attend this Conference.

Mr. Frank Moore, of Leicester, who is also a nominee of the Federation of British Industries, is an authority upon textiles, and is chairman of one of our largest combinations of hosiery manufacturers, having factories in several towns in Great Britain.

Mr. Moore is president of the Leicester Chamber of Commerce, vice-president of the Hosiery Manufacturers' Association, and past master of one of our old city companies—the Framework Knitters.

Sir James Hope Simpson, who as general manager of the Bank of Liverpool and Martins Bank, ranks in this country with the president of your large banks, is a worthy follower in the footsteps of his father, who won great eminence in a similar position, and his business relationships with this country make him very well known here, especially to the banking community.

Our secretariat—provided by the Federation of British Industries—is headed by Mr. George Berks, assisted by Lieutenant A. S. Jarratt.

We have all been vigorously employed on war work, and you will find us no less anxious and no less willing to accomplish what is possible in the reconstruction of international commerce. We do not seek to limit international commerce to its pre-war channels; rather do we look to its great expansion in all countries, and by individuals



who have not hitherto engaged in it, because we believe that no greater bond can endow the world in peace, comfort and prosperity than an International League of Commercial Fellowship.

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Address by Comm. Dr. Ferdinando Quartieri,

*Chairman of the Italian Mission.*

*Saturday Night, October 18, 1919.*

The initiative taken by the Chamber of Commerce of the United States, in response to which the Italian Economic Mission has come to America, is a particularly timely and happy one. The war has taught us to appreciate the value of personal contact between the nations, and, thanks to this personal contact, the ties of mutual esteem and mutual confidence between the Allies have been fostered and strengthened. Now that peace has crowned our united efforts, we must not allow these ties to be weakened.

Through personal contact only can we hope to arrive at a satisfactory solution of the difficulties and manifold needs to which the war has given rise.

That the initiative in favor of the International Trade Conference, which is bringing together the representatives of the commercial and industrial interests of the leading allied nations, should have been taken by the Americans clearly shows the generous and helpful spirit in which they are prepared to study our needs and to come to our assistance.

Italy responds whole-heartedly to this invitation. Not only are her needs, perhaps, more urgent than those of any other European country, but the bonds which unite Italy to America are so numerous, and so strongly felt by the Italian people, that from no other quarter could such an initiative have been so welcome. America is known and loved in the humble homes of our workers, by

the masses of our people, even more than by our upper classes; and this intimate knowledge is the basis of the indestructible popularity which America enjoys in Italy.

But the Italian Economic Mission realizes that the work before it aims at the economic reconstruction of all the Allied peoples who have suffered in this terrible war; nor does it forget the new states which have arisen in our midst, and which, even though their representatives are not now with us, are yet fully entitled to the solicitous help of their richer and more powerful Allies. In this spirit, and with these aims, the Italian Mission sends a greeting to the American people.



## Address of Mr. Edward A. Filene.

*Saturday Night, October 18, 1919.*

*Mr. Chairman and Gentlemen:* I want to speak to you very briefly about the spirit with which the members of these missions have accepted the invitation of the Chamber of Commerce of the United States and have crossed the Atlantic in order to join us in these conferences. It



EDWARD A. FILENE

is very difficult for us to realize, and they are too modest to tell us, what sacrifices these distinguished guests of ours have made to leave their homes and their countries and their personal business to come here in this most critical time.

All of them are men of large affairs who have given themselves without stint to their countries' need through four long exhausting years. If they permitted themselves to yield to their personal preference,

nobody could blame them if they had said: "We are tired and we need rest. We must have a chance to spend a few months in quiet at home before we do more work. We cannot go."

Aside from this, all of them have much at stake in the developments of the coming months. In all these countries national elections are pending or likely to come, which will determine the most vital national policy, policy which will affect seriously both their country's future and their business future. Still more immediate,

they are faced in most cases with the necessity of re-establishing their industries and their business affairs on a peace basis. For four years their factories have been devoted almost wholly to war work and must be re-adapted to the requirements of peace production. Some of them have establishments in the war zone which the enemy destroyed during the war and which must be rebuilt from the ground up in the midst of serious difficulties in obtaining the necessary labor and materials.

Do you know that one distinguished member of the Belgian Mission had factories, one of which was stripped of its machinery and the other was not only stripped of its machinery by the enemy, but the very building itself was torn down to be carried into Germany and set up again on German soil. These factories will be restored, but you could not blame this gentleman had he said that the necessity of restoring his interests demanded his personal presence.

Take M. Schneider, the head of the French Mission. His every minute during the war, his whole existence, has been devoted to the manufacture of the vital munitions needed by the French army on the western front. Not only that, but the artillery supplied to our own boys was to an important degree the product of the Creusot Works. With practically his whole plant devoted to the manufacture of artillery and other military supplies, he is now faced with the problem of adapting it to peace production for commercial purposes. In spite of the almost overwhelming character of this demand for his presence he has left all his vast personal interests to come here and lend us the benefit of his able advice and help. And the same spirit, the spirit of sacrificing personal interest at the call of patriotic service, has dominated all the members of these groups in coming to America at this time.

There can be only one reason for this attitude. It is based on faith in America, faith that American help which came to the front when need required and when the American people understood in the war, will not be



lacking now. This faith, added to a clear vision that in the present world situation America is equally concerned with Europe, has led these missions to accept the invitation of the Chamber of Commerce of the United States to join with us in a discussion of the present international business problem and means for its solution.

The business men of the world are now called upon to cope with a question which in magnitude and scope is beyond anything we have ever experienced. Just as in the war the generals of the Allied armies were forced to meet problems for which they had received no training in the schools attended prior to the great war, the leaders of business are now obliged to plan on lines largely uncharted before. These are problems for which there are no rules laid down by experience. We must plan with new and original thinking to meet them.

We have, however, during the war, learned one great lesson—that of our interdependence on one another. And business men everywhere know further that all trade, whether national or international, to be successful must be mutually profitable. It is on that our present agreements must rest.

These conferences will necessarily involve the discussion of supplying Europe with raw materials and machinery. But it must not be inferred that the nations of Europe have not already attacked the problem of reconstruction with determination and initiative—with a degree of success not wholly understood in this country. The public has, I am afraid, been somewhat misled on this point by men who have spent a short time in Europe, seeing only the destruction, with no time for the less dramatic work of reconstruction slowly but surely going on.

Yet, however hard these nations work, they cannot produce effectively without the raw materials and food which they need as primary requisites. And these commodities they cannot get as practical prices so long as the present rate of exchange continues. Throughout the war they have been devoting all their productive power

to the needs of the war, and buying of us the goods which they formerly produced. The resulting export of gold and lack of goods to export has produced an alarmingly adverse exchange rate, an exchange rate which is not only damaging to Europe, which forms as well an invisible wall against our export to Europe of our surplus production. We shall not only be doing our duty and performing a generous act, but we shall be doing the most business-like act of which we are capable, if we extend to them the credit which they need and enable them to purchase the raw materials and food they require for their restoration to a normal productive basis.

Address by Sir Arthur Shirley Benn, K. B. E.; M. P.  
*Chairman of the British Mission.*

*Saturday Evening, October 18, 1919*

I presume that your toastmaster tonight thinks that it's safe to call upon one who was born in Ireland and who has spent many years of his life in America; but it is not always safe to call upon a man unexpectedly for a speech.

Gentlemen, we do not come to America today as strangers; nor do we come as rival nations seeking after trade; we come here as friends—friends made by the war. Jefferson once stated that there was no way in which friendship could be made so quickly, or so surely, as by having men dying side by side in the same cause. We have all been striving for the same ideas. We have all had the same principles of liberty, of democracy and of freedom, and we have fought to maintain civilization. Today we realize, not only the condition of Belgium, not only the condition of France and Italy, but many of us have seen the devastated territories; we have seen the destruction that has been waged and we all realize that reconstruction can only take place by common sense, good will and the determination of those Allies who fought for the preservation of civilization. Gentlemen, the world is large enough, the job big enough, for all of us to put our shoulders together to see how we can work for the common weal; and I, knowing America as I do, have not the slightest hesitation in saying that if we all pull together—we can pull together—we will reconstruct these countries and hand them down to our descendants not one whit worse than when we came into them.



## Meeting of All Committees.

*Monday, October 20, 1919.*

A general meeting of all the committees was held in the Belvedere Room of the Hotel Traymore at 10 A. M., October 20, presided over by Mr. Alfred C. Bedford, chairman of the Executive Committee of the International Trade Conference, as a prelude to the intensive work of the various topical committees.

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### Address of Mr. Alfred C. Bedford.

We began today the practical work for which this Conference was assembled. We divide into committees, which will consider intimately and minutely the very practical problems which confront us in the re-establishment of the world's trade.

And at the very outset I would like to suggest something of the point of view of the American business man in his approach to these great questions. We in America appreciate the enormous sacrifices made by our Allies in fighting the war; we know how your blood and your treasures poured forth without stint. We know that the end of the war finds your great countries with huge national debts, and with needs of the most pressing character for raw materials and food. We appreciate that the supreme need of the world is that Europe and America shall be restored to the utmost productivity without a moment's delay, and that to accomplish that there must be coöperation between Europe and the United States.

America was late in entering the war, but when we did enter we sought to bear our full responsibility. Now, the responsibilities of victory rest upon our shoulders quite as much as did the responsibilities of war. The American people realize that the paths of destiny call us

to a comprehension of the problems of the world at large. The American business men are fully conscious of the truth of President Wilson's statement that the destinies of the world will henceforth in large measure rest with those who conduct the commerce of the world.

We feel that there is a new call to arms to the American business man to enlist in the cause of re-establishing economic order and of maintaining peace and social progress. We want to join in this cause with the business men of France, of England, of Belgium and of Italy.

Those gathered here are business men, practical men. We come together in a spirit of the warmest friendship and desire to coöperate. That is the keynote of the call of this Conference. Sentiment rules the world, in business as in all else. And yet as business men we are accustomed to consider the practical details of the problems which come before us. Let us see, then, if at the very outset of our deliberations we cannot set forth a few of the fundamental facts and considerations which must underlie all our conclusions.

We are told that, by reason of the high prices prevailing here and the high rate of exchange, it may be found necessary for some countries to buy in other countries than our own.

Gentlemen, let us be frank, for I am sure you would want me to be nothing less. We of the United States are eagerly desirous of extending our trade wherever it can be wisely and legitimately done, but we would be the last to suggest that any nation should buy our goods if they can obtain the same goods under better terms elsewhere. We of the United States feel that if we are to induce the world to buy our goods, we must meet the competition of the world fairly, honestly and openly. Every nation should buy in the best possible market, and the future health of the commerce of the world depends upon a thorough-going application of the principle. But we are eager for your trade, as we are sure you are for ours. We want you to have our goods and we want to buy yours.

We are conscious that no problems will come before this Conference of more serious moment than those of foreign exchange and foreign credits. To discuss these with you in a spirit of coöperation and friendliness we have invited to meet you here some of our leading financiers. These delicate questions of credit and exchange are essentially bankers' problems and we want you to consider them with our bankers in the spirit in which they will meet you, and that is one of an earnest desire to make some progress in solving the complicated situations which confront both you and us.

We realize the necessity of extending credits, and we are most eager to find a practical way out of this puzzling situation. We realize the necessity of international coöperation among business men, coöperation of a kind we have never had before. We want to work out these problems with you as friends and as co-laborers.

You will have much to tell us of conditions in your countries, and of how we can aid each other. But on certain points we shall be peculiarly interested to have information.

1. What are the menaces of social order and stability in the different countries of Europe today? Have the dangers of Bolshevism or Socialism passed? Is there any danger anywhere of the confiscation of private property, the non-recognition of the rights of ownership and business management, or the annulment of law? The success and permanency of business—yes, its very life—is dependent upon the stability of government. With reference to these points, my own confidence is perfectly secure with reference to the nations represented here. But in these questions the business men of America are very deeply interested.

2. What are to be the relations between government and business in the respective countries? Will the various nations in their reconstruction efforts stabilize relations between government and business that will recognize that commerce is the greatest of all interests, and will their relations be based on such a statesmanlike conception? What will the attitude of the various governments be toward the American industry and commerce? Will it be accorded freedom of trade, and equal privileges and



opportunity, or will it be threatened with restriction of imports, and the menace of government control or monopoly?

3. One of the methods by which future financial co-operation between America and Europe can be realized is by having our people invest their money in your enterprises, just as Europe formerly did in ours. We want to put our treasures with yours and take "pot-luck" with your people in realizing success with our enterprises. The whole of American industry is open to the investment of the world. We extend complete hospitality to capital from every nation. I submit that one of the surest roads to complete international coöperation is full reciprocity in this particular.

4. Nothing is further from our thoughts than interference or dictation in the affairs of Europe. And yet our people will be vitally interested to know with regard to the particular countries, whether they propose in the future to lower the cost of production through standardization and modern methods, what are the prospects for improved relations between capital and labor, and what is to be the probable policy in each country toward the cultivation of foreign markets, the purchasing of raw materials and the establishment and promotion of new industries. On our part, we want you to see our country and to know our business men, that we may know your needs and may learn how we can help meet them most effectively. We want you to know our needs also. We have much to learn from you and we hope you won't mind us asking infinite questions.

Each of us, gentlemen, approaches the deliberations of this Conference in a constructive spirit. We are most eager that out of this Conference will grow practical measures enabling us to coöperate with you, to extend all necessary credits, and to work with you in solving the problems which underlie the construction of civilization.

A story is told—perhaps you may have heard it—a story of a man who found himself in the depths of a deep forest thick with undergrowth, difficult of penetration. He labored and struggled, and after much privation and hardship and starvation finally came out upon the borders of a broad river; and on the opposite bank

he saw a beautiful country under cultivation with running waters and bright sunshine, and happiness; but between him and that country lay this broad river, a rapid-running stream with whirlpools in it, rapids, and, above all, what seemed to him the most impractical proposition for him to overcome: jagged rocks around which the current swirled and tore. However, he did not hesitate, but, gathering up his remaining strength, he plunged into the waters to reach the other side. It seemed as though he would be swept away, but managing to catch upon the first of these great rocks he was enabled there to catch his breath and regain a little of his strength. And so he progressed until finally, though practically exhausted, he got upon the other side and on the promised land; and, looking back, he then realized that many of the obstacles which he had overcome, especially those last obstacles, were merely the stepping stones to his success.

Gentlemen, we have been through the deep and dark forest of a terrible war in which we have found quagmire, and swamps and desert, and in it a wild beast which has not only destroyed life, but torn women and children and men asunder and taken them away from our midst, and yet, in spite of it all, we have struggled out through the forest and now we stand upon the brink of the river and we see the promised land before us where there is peace and prosperity, and happiness.

Gentlemen, the problems which we are to discuss today are our rocks, but I know, and you know, that we can overcome them, and perhaps when we attain the promised land we shall find, after all, they were merely stepping stones to our progress.

*Mr. Bedford:* Now, gentlemen, I am going to call on John H. Fahey, chairman of the Program Committee, to make an announcement relative to the method under which we will proceed with our Conference.

### Address of Mr. John H. Fahey.

*Mr. Chairman and Gentlemen:* With the vast task that lies before us, and the many complications which we confront, and the necessity of overcoming the obstacles which confront us, if we are to be successful, I am sure you will all understand the necessity of the plan we have here for this series of group committee meetings in advance of the general public session of the Conference.

For many weeks, suffering under the disadvantage of communication by cable and wireless with our friends on the other side, we have been trying to work out this program of committee meetings so as to serve the purposes of this great gathering with the greatest possible advantage. Our American committees have been under the advice of our Executive Committee and Program Committee as a result of many suggestions, to the end that they may be truly representative of each of the great industries of the country, taking up the subjects under the several topic committees; and now we have laid out, after discussion with our guests from the other side, this series of meetings. We secured from the printers only this morning a pamphlet giving the personnel of the committees and the hours fixed for the various committee meetings. These pamphlets have been distributed among you. You will observe as you look over the pamphlets that we have included the complete personnel of all the distinguished missions from the other side, and likewise of our own corresponding American committees. We have also put aside separately, on a page by itself, the time-schedule of committee meetings for each mission on each of the separate topics to be taken up, such as foodstuffs, reconstruction supplies, petroleum, textiles, shipping, credit and finance, and the other subjects with which we are dealing. So, by reference to this pamphlet, every committee member can readily see the meeting time for the committees on which he



is serving. In like manner, please understand, each of the foreign missions has a definite headquarters in the hotel for its own meetings. For instance, the meeting of these special committees in each case on a given subject is always in one room. For example, the committee on textiles has a designated headquarters and there the several committees on that subject will meet throughout the Conferences.

These committee meetings will be executive sessions. They are not open, public sessions. In the first place, you gentlemen will realize from the business standpoint that it is not wise, has not been wise to make committees that were too large in size because at best the time at our disposal for the discussion of these most important subjects is all too brief, and if the membership of these committees were unduly expanded you could not make progress. Again, you cannot invite the members generally if you are going to get real results out of these committee meetings. However, it is absolutely essential that all participating in these committee meetings should feel free from any restraint to discuss very fully and frankly whatever is in their minds. Therefore it was agreed on all sides that these committee meetings should be executive sessions; that admission to them would be by credentials alone of those who have been appointed as members of these committees and it is impractical to change the committee or to add to their membership at the present time. I am speaking now especially of the American Committees. If it were within our power, and if it were a practical thing to do, the Executive Committee would have been glad to invite scores and hundreds for these meetings, because of the advantage that would come to them, but as business men you all appreciate how impractical that would be. Therefore, admission will be by credentials and each of you gentlemen on these committees will receive a credential card admitting you to these committee meetings. It would be well for you to have these cards on hand so that there will be no difficulty about obtaining admission.

It is, of course, necessary that the press and the public be advised as to the progress of these committee meetings. Therefore, arrangements have been made so that at the conclusion of each session a brief digest of the progress made can be prepared and issued to the press under the supervision of the Chairman or Vice-chairman of the foreign committees and our committees, so that we will all be thoroughly posted and understand the progress being made.

Another thing to be provided for is the matter of resolutions, or statements to come in to the general conference. A resolutions or clearance committee will be appointed representing our committees and representing the committee from the foreign missions, and any expressions of opinion which are developed in your separate committees can be prepared and sent to that resolution committee for consideration. It is obviously necessary that they should clear through such a committee in order that there will not be a duplication of expression, and in order that conflict will therefore be avoided. Those resolutions can be of such character as appeal to you men as being necessary to this occasion. However, in many cases it is clear that because on particular subjects the men present representing American interests represent all of those interests in the United States and understand what the conditions are; and your committees in turn are of like character; that whatever understandings they arrive at as to plans which may be formulated are, generally speaking, of particular interest to the industry and are not of necessity of interest to the entire gathering. But that is wholly a question of judgment, and you gentlemen will decide for yourselves as to the wisest course in dealing with these resolutions.

Let me say in conclusion that the Program Committee and the Executive Committee have established headquarters in the Rose Room at the rear of the lobby down stairs, and there Mr. Phelps, the Executive Secretary for the Committee, and Mr. Bedford and myself, or through that headquarters, will be constantly available to any of you gentlemen for information concerning any matter or

matters which may arise in connection with the program, or resolutions, and for anything that may add to your comfort and convenience in making progress with this most important work.

I would like to say also that if any questions should arise among you gentlemen as to the machinery of the Committee's work or as to methods of handling the affairs of this Convention we would be glad to answer that to the best of our ability.

*Mr. Bedford:* Gentlemen, it seemed wise, at this time, when we had you all together, that, in order to facilitate the work of one of our most important committees we should ask the Chairman of that committee to make a statement to you in order to avoid his having to really repeat it. That, of course, will save, not only the time of the committees getting down to practical matters, but will also give to you all a viewpoint of the Chairman of the Committee on Finance and Credit. I take great pleasure on calling on Mr. James S. Alexander, President of the National Bank of Commerce of New York, the Chairman of that committee who will now address you.

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### Address of Mr. James S. Alexander.

I want to extend a most cordial welcome to our friends from Europe who have undergone the trouble and inconvenience of so long a journey to give us the benefit of expert and personal viewpoints on conditions in their respective nations. We have assembled a strong and representative group to confer with them. We are here as a committee of the Chamber of Commerce of the United States to discuss, I hope, with a mutual frankness that will preclude any reserve on either side, the state of trade between America and Europe.

I assume we are all agreed that there is serious mal-



adjustment in the machinery of international commerce. I think we can all agree, in general terms, as to the fundamental nature of the maladjustment; and I hope we shall be able to define and analyze, in broad terms at least, the ways and means available for promoting and hastening the return of normal trade conditions.

This in no sense means that we are going to attempt to offer to those engaged in foreign trade a cure-all. We cannot provide, nor would it be advisable to do so if we could, any single scheme or special method of financing trade between Europe and America which did not relate itself wholly to the orderly processes of commerce as they have grown and will grow out of the basic interchanges between peoples. World trade is based upon elementary principles which have not been rendered inapplicable by the war. We must remove the unusual conditions which prevent these principles from functioning. If any new machinery is set up we must have constantly in mind that it is simply a temporary scaffolding which will be removed when the main structure of trade has been repaired and put once more in working order.

When we refer to normal conditions we do not necessarily imply a return to a pre-war basis; for some changes wrought by the war will be found to have become an integral part of the new order of things. Even in the throes of war the world has continued to progress. Some good has come out of evil times. Therefore, we must look to the present and to the future, as well as to the past, to guide us in our analysis of the vital factors in world trade as we shall from now on come in contact with it.

Normal commerce between nations means the free interchange of such commodities and services as are to be determined by natural factors to be reciprocally profitable and beneficial. What is normal today is largely what can be done profitably today, or what cannot be left undone today without prejudicing what will be required tomorrow. We face things as they are, and with no idea of doing business on the basis of things as we would

wish them to be. We must face them as they are, aiming to adapt them and ourselves to a practical working basis.

Let us consider briefly some basic elements in the situation which has called us together. During the war, and since the armistice, we have been sending to Europe an enormous excess of exports. In the ten months preceding the armistice, so far as the published figures go, our exports exceeded our imports by about \$248,000,000 a month. Since the armistice the figures have risen. In January our balance was \$409,000,000, in April it was \$442,000,000, in June it rose to the astonishing figure of \$625,000,000. Exports in that month were \$918,000,000 and imports were \$293,000,000. Our average export balance for the first eight months of 1919 was around \$400,000,000 a month. All of this excess and something more, has been in our trade with Europe. Thus, in April we sent Europe \$500,000,000 worth of goods and received back from Europe \$43,000,000 worth of goods, a balance of \$457,000,000 where our balance with the whole world was \$442,000,000.

When the situation is viewed from the other side, even more striking figures appear. France imported over 12,000,000,000 francs' worth of goods in the first six months of 1919 and exported only a little over 2,000,000,000 francs' worth of goods, leaving her an adverse balance of trade of nearly 10,000,000,000 francs. Similar proportions appear in the export and import figures of Italy. Great Britain has had, during the first eight months of 1919, an adverse trade balance equivalent to something over \$2,000,000,000.

Our exports in Europe have changed in character radically since 1913. Before the war we sent Europe largely crude food stuffs and raw materials. Today we are sending Europe very largely food stuffs partly or wholly manufactured, and finished manufactures. In other words, we have been, since the armistice, sending Europe chiefly goods for immediate consumption rather than those things which she could use setting her industry going.



It is axiomatic that what is bought must be paid for and that nations engaged in foreign trade in the large run pay for imports by exports. The existing unpaid and unbalanced state of trade between America and Europe has been made possible by credits granted by the United States Government to the Governments of Europe. These credits have largely ceased to be available for the support of the export trade, and our exports are now going to Europe largely on open account. There has come, as a consequence, a dramatic break in virtually all the European exchange rates, and the foreign exchange markets are badly demoralized. It is recognized on the part of all of us that in the absence of special emergency measures the exchange rates will continue to fall until American exports to Europe are so checked that imports will pay for them.

In addition to paying for her excess of imports over exports Europe has the problems of meeting interest payments in the United States, and the problem of paying maturing capital obligations. Many of the countries of Europe are heavily burdened with shipping cargoes in addition. Practically all these "invisible items" in the international balance of indebtedness, freights, interest payments, banking commissions, travelers' expenses and the like have been altered to Europe's disadvantage in the last five years.

The pressure on the exchanges is very heavy and the obstacles in the way of getting needed exports to Europe are correspondingly great, and it is this situation with which we have to deal.

The exports and imports of one kind or another in the commerce of the world do not, from the point of view of any one nation, give evidence of trade,—of exchange of commodities on a reciprocal and balanced basis. Therefore I think we can be specific in our agreement that the chief abnormal international trade factor is this alarmingly unbalanced interchange of trade—that the balance of trade is too favorable to the United States and too adverse to Europe for the best interest of both, and that



the correction of the exchange situation resulting from this one-sided trade balance will find its natural and permanent solution only through a reduction of our exports or an increase of our imports until a point of approximate equilibrium is reached.

It is a difficult task. What are the elements involved in our attempt to meet it? First of all, regarding the official phase of the situation—that is, the cessation of United States Government loans to European nations—Federal Reserve officials have said that “Europe’s needs should now be supplied through the private initiative of foreign manufactures, merchants, and bankers dealing with similar American groups and not through the concerted efforts of the governments concerned—that from the viewpoint of the United States, the ability of our government after completing its own war financing to assist foreign governments without vast inflation and consequent danger to our own credit is problematic.”

I have quoted this passage from governmental authority because it contains a definite suggestion—that is, that the time has come to turn away from outright government financing of international commerce, and to resume once more a course of private enterprise and initiative; to turn as rapidly as possible from an abnormal basis back to the normal basis of peace.

Practical measures are well advanced in this country to facilitate and expedite this transition, but probably no comprehensible plans will be definitely formulated until the Treaty of Peace is signed. To mention only one of the measures under discussion, the Edge Export Finance Bill, before Congress, aims, in essence, to make possible the organization, under Federal incorporation of the instrumentalities for a larger volume of international commercial transactions on a credit basis. As explained by Senator Edge, the American manufacturer or exporter will sell his goods to European buyers and will accept collateral satisfactory to an American corporation organized under the Edge bill; against this collateral the corporation will issue debentures to be sold to investors,

and by this process the American manufacturer or exporter will be paid.

The general outlines thus laid down seem to represent one form of coördination, of assisting business facilities to handle present international commercial needs along lines that will hasten the return of business ultimately to a basis that will require no special machinery. I take it that is just what business men on both sides of the water are really after today.

From the point of view of France this thought has been set forth recently from Baron de Neuflize, whose words have been widely read throughout the United States and accepted as presenting a sound view of the situation. He has said:

"Now, the first thing for taxation is not taxes. Our Government problem is to get taxable income. Taxing it afterwards is easy, provided the political situation is straightened out, and this, as I have shown you, will happen next fall.

"Therefore, the real question comes to this: Will there be a big enough taxable income in France, or in other words, are French people working?"

Elsewhere he says:

"France does not want charity and does not ask for it. It is a business proposition. It is as such that we ask the American people to look into it."

It is a business proposition, and we should aim here to facilitate and expedite the re-establishment of our business with the nations of Europe on a business basis. That basis will be best for the United States, and it will be best for every country in Europe. We do not need to say to our guests that there is unlimited good-will in America toward England, France, Belgium and Italy—just as large and warm a heart beats in this country as during the war; but with the return of peace the minds of the people have turned again to the normal pursuits

of business and industry which were completely interrupted during war times. We are trying to put our own house in order.

But we know our friends from Europe well enough to believe that they very generally recognize the fact that it is best for them to get money on a basis that is determinable and permanent. Our good will insures our making every possible effort toward reaching a speedy solution of present uncertainties. But the solution itself must rest, not upon a basis of settlement, but rather upon a foundation of economic facts, of common sense, and sound commercial practice.

The nations of Europe want credit, but they are not seeking primarily credit for today, but rather a fundamental credit understanding, a system of credit which they can trade upon and make commitments upon. They want to know they can count on help based not upon a general impulse of the moment, but upon the more permanent, if not impersonal, desire of men to trade with one another on the basis of mutual profit and satisfaction. This is a staff they can lean upon. Any commercial arrangement grounded solely upon the uncommercial and shifting element of good will and friendly sentiment, no matter how firm and true that sentiment may be, will in the end prove unsatisfactory.

This brings our attention to another cardinal element in the solution of our problem. It is an element which I can touch upon frankly without appearing to be offering advice to our good friends from overseas; for this lesson is of as vital importance to America at this moment as to any nation in the world. I refer to the necessity of the greatest possible number of people doing a day's work and of the greatest possible conservation of the results of that work. The motto "work and save" represents in every sense a national necessity with us.

The Federal Reserve Board has declared that the whole situation is one that can be met only if the necessity of working and saving is "taken to heart by every class in the nation and made its guiding principle until



the trying conditions left by the war are finally surmounted." This doctrine, enunciated for the people of the United States by the most important official financial body in the nation, may well be repeated to the people of the whole world. It is a thought that will give us sound guidance, for in a sense never before so universally applicable, industry and thrift are in this aftermath of war's destruction, essential not only to the happiness, but even to the very existence of the human race. Never was an economic proposition more simple and self-evident.

That this view is officially shared abroad has been manifested in many ways. Our government officials emphasize particularly the words of the British Chancellor of the Exchequer who, in presenting a recent budget, said:

"The deposits at the joint-stock banks have more than doubled. The position of these banks, judged by every approved criterion of sound banking, is stronger than it ever was before, but the securities—British Government securities standing behind the deposits, standing behind the legal-tender money—represent to a large extent not existing wealth, but wealth consumed in the operations of the war, which it must be our business to replace out of the exertions of the present. Both are drafts on future labor, on the future creation of wealth."

This doctrine of thrift and industry is applicable, I think we may all agree, equally to conditions in all the nations engaged in the war; and the encouragement of its practical application is the primary step in any program of reconstruction. We may as well face the fact that the majority of our loans to the nations of Europe are secured at the present time solely by the probability of future productive work. The people of Europe can repay those loans made to them by the people of America only by producing raw materials and manufactured articles, by saving, by sound policies of taxation. The same policies must and will be adopted in the United States. But the world situation cannot be helped one iota by all the planning and discussion and clear think-

ing of the combined bankers and business men of the world unless all the people of the world return to their healthy and normal tasks and begin to do a day's work. We must stop leaning on our Government and depend upon ourselves.

I would repeat that the solution of the problems we are here to discuss seems to demand as a chief element the maximum of industry and thrift within the nations; it calls for the restoration of a greater degree of equilibrium in the commercial interchange between the United States and the countries of Europe; the cessation of our government financing for foreign purchases here; the encouragement of private enterprise and initiative in place of government assistance, and the provision of a larger measure of long-time credit to finance the foreign purchases of American goods until such time as Europe can pay for what she buys approximately by what she sends us.

These are, as I understand them, the raw materials for us to work upon here. If we can coördinate these elements and arrive at a common understanding as to the bearing of each upon the problem of foreign trade and international credit, I believe we shall have materially advanced the discussion of this important phase of the present economic situation. I hope this understanding will serve as a basis for definite practical steps in the months to follow.

*Mr. Bedford:* I wish to thank Mr. Alexander for this very sound and admirable exposition of the proposition before us.

I am reminded of one of the great crises in our own country and the famous words with which it was met:

"The way to resume is to resume."

The way to establish normal relations is to establish them; and it seems to me we can safely take for our text that what we want to do now is to do the sound and natural thing, and to that end we will address ourselves.

# International Trade Conference

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## First General Meeting.

The first open session of the Conference took place at Young's Pier, at 8.15 o'clock, Wednesday evening, October 22, with some 3,000 members of the Chamber of Commerce of the United States present, coming from all sections of the country, foreign commissions and invited guests.

The Conference was formally opened by Mr. Alfred C. Bedford, chairman of the Executive Committee, who spoke as follows:

*Ladies and Gentlemen:* This is the first public session of this International Trade Conference to which you have been invited. During the week, beginning with Monday, there have been in conference here with the distinguished delegates from abroad committees representing some of our most distinguished business men and bankers who have been going over with these gentlemen from the other side many of the most important questions in which they and you are all interested. These committees were as follows: The Committee on Credit and Finance, the Committee on Chemicals, the Committee on Coal, the Committee on Foodstuffs, the Committee on Metals, the Committee on Petroleum, the Committee on Textiles, the Committee on Reconstruction Supplies, the Committee on Shipping, and the Committee on Permanent Organization. These committees through their chairman will make reports to the Conference beginning with the session on Thursday, and throughout the session of Friday.

When I was asked to make a few brief remarks at the opening of this Conference, I thought that possibly out



of compliment to some of our friends from abroad, who perhaps are not as familiar with the English language as they are with the French language, that I might try to make it possible for them to understand the few words I may have to say by saying them in French, but one of my associates reminded me of the sign which they put up in Italy to this effect: "Speak English. We do not understand college French." So that, while my good friend, Mr. Hankar, chairman of the Belgian delegation, expressed the wish that some addresses might be in French, I have given him my French speech, and I will give you the English one so that he can follow it.

It is with peculiar pleasure that, as an American business man and as an officer of the Chamber of Commerce of the United States, I welcome to this Conference the distinguished business men who come to us from overseas. As President Wilson so aptly said at Turin last winter: "The men who do the business of the world now shape the destinies of the world," and I think it may be truly added that upon the shoulders of the men represented in this Conference more than upon those of any other group, will rest the welfare, certainly of the United States and Europe, for the next quarter of a century.

The committee meetings of the past few days have evinced very clearly the fact that the members of this conference have approached their deliberations here with a consciousness of unusual responsibility. And now as we enter upon the larger and more definite of our discussions it is appropriate to express the thought that we are met here for purposes affecting the very foundations of our civilization.

This may properly be called an International Congress of Business—a conference, in conception and potentiality probably without precedent. We come together at a moment of great change. No man can tell what the morrow may bring forth, but it is certain that there is a searching of men's hearts going on throughout the world. Every institution and every relationship of our civiliza-

tion is being subjected to the acid test of a new point of view.

Some of the early economists used to teach that a nation grew wealthy in proportion to the difference between the amount of goods it sold to other nations and the amount it purchased from them. In other words, the size of the export "balance of trade" was the measuring rod of national progress. Later, Adam Smith and those who followed him taught that a nation must not only sell to the world, but that it must buy from the world, and that the ideal situation was not represented by a huge "balance of trade," but by a volume of trade at a virtual equilibrium between what was sold and what was bought.

This war has taken us a step farther in the development of our thoughts. We now realize that it is not only necessary to sell to the nations of the world and to buy from the nations of the world, but that we have a direct interest in actually promoting on its own account the prosperity of the world, not alone of that part of it comprised within our national boundary lines, but quite as much the prosperity of lands remote from our own.

In a peculiar sense is this true of our immediate interest in the reconstruction and revival of the economic health and prosperity of those countries which have been our Allies during the war. In the course of the war the United States came to see that the salvation of its own life and independence lay in going with force of arms to the aid of England, France, Italy and Belgium. Had those countries been engulfed in defeat, the disaster would have soon overwhelmed us and civilization would have been put back many centuries. When we did go to the aid of those who were fighting the battle of liberty and security, we went whole-heartedly and with but one thought in mind, and that was that the cause into which we had thrown ourselves must triumph beyond the possibility of question.

At this moment, although Germany has been vanquished, civilization is still threatened by insidious forces,

not from without but from within. Strange doctrines are abroad. The serious deprivations of war have given rise to counsels of despair. The reaction from the spirit of unselfishness and comradeship of war has been toward suspicion and expectations that cannot be fulfilled. We find people who speak as if the destruction of our whole moral and social fabric were impending. Not for a moment do I sympathize with such pessimism, and yet Cardinal Mercier, before the Chamber of Commerce in New York a few days ago, spoke significantly of the sinister and destructive ideas which were falling on fruitful soil in his own native Belgium. The same condition prevails throughout Europe and evidences of its inroads are not lacking in the United States. The nations of the world face a common foe—an enemy within us, a parasite born of the war, and the destruction of which depends upon our prompt resuscitation from the devastation of war.

Upon the business men of the world rests the duty to see to it that these prophecies of despair shall not be verified, and that out of the waste and destruction of war there is reared a new world and a new prosperity which shall insure for all time the welfare and happiness of mankind. Upon these business men rests the opportunity and the obligation to pursue a policy of such sympathy and enlightenment that this new cancer in our social and business life shall have no opportunity to grow.

To accomplish this reconstruction of the world the United States must coöperate primarily with these key nations, whose representatives meet here. Just as in war the protection of these nations represented the safety of the world, so today their revivification and prosperity represent the salvation of the world and the salvation of civilization.

The American people have a direct, and, if you please, selfish interest in bringing about the promptest possible return to prosperity of England, France, Italy and Belgium. There is, however, no desire on our part to be other than helpful and no wish I am sure to undertake,



but rather to refrain from participation in the shaping of policies in matters purely European.

This return of prosperity can be accomplished—

First of all, by coöperation between our business men. The petty jealousies, the short-sighted efforts to obtain temporary advantage through questionable methods—anything else than whole-hearted mutual confidence and coöperation—cannot endure against the obligations of the new day. We will be competitors, but let us be friendly competitors.

Second, by a return by our people to a realization of the dignity of labor. No nation that puts a minimum of its strength into labor can hope to compete with another that works at full blast. "To live, the world must produce more and talk less."

The spread of electricity and improvements in communication, the development of transportation, the opening up of opportunities for investment in every part of the world, the activities of security markets in all the great commercial capitals—all are tending to make trade less and less regardful of national lines. Just as labor is coming to see that the permanent welfare of labor in one country lifts the lot of the working man throughout the world, so business men are seeing that the development of their own interests cannot be confined within mere geographical limitations.

This conference, if it accomplishes nothing else, will, I hope, result in giving to the business men of the great nations here represented more than ever before a world point of view. A realization that business in the future will call for the highest standard of efficiency and coöperation, will make for the destruction of ignorant selfishness and merely personal profit, and will be recognized to have succeeded just to the extent that it makes men of all nations realize their interdependence one upon the other, and acts upon the faith that an intelligent self-interest commands upon the part of each of us an active regard for the happiness and welfare of every land on this small earth.

At a critical moment of the war M. Clemenceau said that victory would lie with the side which held out the last quarter of an hour. But at the moment when the armistice was signed M. Cheradame, another Frenchman, very aptly remarked: "The last quarter of an hour is beginning now."

The end of the war has been only the beginning of strife, and we must face the problems as they come with steadfastness, courage, and with an open mind in the realization that only those nations can remain or become great who are willing to face and solve those problems and who do not hesitate to endure in order that final success may be achieved.

Surely, here is a call to all of us to determine to make this gathering worth while. Its basic note is patriotic love, each for his own country; that love which inspired us all to give of our uttermost during the war, and which shall find its highest and best expression in struggling to realize the coming of the day when it really becomes true that—

"The war drum throbs no longer and the battle flags are furled,  
In the Parliament of Men, the Federation of the World."

We welcome you, and we look forward to united efforts growing out of this conference which will promote the prompt reconstruction of economic life in Europe and the establishment of our civilization upon such foundations of trust and good will among nations as can never be shattered.

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### Rules for the Conference.

The following rules were adopted:

1. Resolutions shall be received only from the duly constituted committees of this Conference and must be presented without reading or argument to the presiding officer or secretary of the general meeting on or before Thursday, October 23d, before 11.00 A. M.

2. There shall be a Committee on Resolutions, to which all resolutions shall be referred, to be composed as follows: The chairman and secretary shall be appointed by the presiding officer and shall be ex-officio members of the committee. In addition, there shall be two members chosen by each of the four visiting missions and eight Americans chosen by the presiding officer. The committee is hereby empowered to originate resolutions, to revise resolutions that have been referred to it, and to report to the public sessions prior to the close of the Conference such resolutions as, in their opinion, should be adopted.

3. In debate on resolutions reported or other subjects each speaker shall be limited to ten minutes and no speaker shall speak more than once on the same motion except by unanimous consent.

4. Except as otherwise specified in the foregoing paragraphs, Robert's Rules of Order shall govern the proceedings.

### Resolutions Committee.

The Committee on Resolutions was announced, as follows: Joseph H. Defrees, chairman; Elliot H. Goodwin, secretary.

British Mission: Sir Arthur Shirley Benn and Sir James Hope Simpson.

French Mission: M. Eugene Schneider and M. A. Tirman.

Belgian Mission: M. Florimond Hankar and M. Canon-Legrand.

Italian Mission: Dr. Ferdinand Quartieri and Grand Officer Professor Bernardo Attolico.

United States: Dr. Lewis E. Pierson, Mr. George Ed Smith, Mr. R. Goodwyn Rhett, Mr. James S. Alexander, Mr. John H. Fahey, Mr. John Bassett Moore, Mr. E. A. S. Clarke, and Mr. Willis H. Booth.



### Resolutions.

The following resolutions, reported by the committee, were adopted:

#### SALUTATIONS TO GOVERNMENT HEADS.

The International Trade Conference, composed of delegates from Belgium, France, Great Britain, Italy and the United States, begs leave to request the president of the Conference to convey to the heads of the respective governments respectful salutations and best wishes of the members of the Conference collectively and individually and to assure them of the deep interest of the Conference in all that concerns the well-being and prosperity of the respective governments and their peoples.

#### WITH REFERENCE TO PRESIDENT WILSON.

The International Trade Conference meets at this critical moment of the world's history to consider measures for promoting the co-operative effort of the United States, Great Britain, France, Italy and Belgium in reconstructing the trade of the whole world.

The function of trade in this process of reconstruction has been expressed by no one with greater aptness than by the President of the United States in his speech at Turin, wherein he said: "The future destiny of the world rests in the hands of those who conduct the commerce of the world." When this Conference was projected it was confidently expected that President Wilson would be with us at one of our sessions to develop further that thought, and also to express the interest and expectancy with which we know he viewed the coming together of this notable gathering. We are also aware of the keen concern felt by the President to the end that everything possible shall be done to promote good-will and co-operation particularly among those nations which have stood side by side in war in the cause of civilization.

Those in attendance here—whether from overseas or from the various parts of our country—have learned with keenest regret of the President's illness. We have fol-

lowed the reports from his sick room with hope daily renewed that each bulletin would record steady and definite progress toward recovery.

It is accordingly the desire of this Conference as its opening official act that there shall be recorded the extreme disappointment of the International Trade Conference that President Wilson cannot be with us on this occasion, and our profound hope and prayer that at the earliest possible moment he may be restored to complete health and comfort, equipped with renewed vigor to promote the cause of international good-will.

#### REGARDING THE DEATH OF COUNT DI CELLERE.

The International Trade Conference desires to record an expression of the profound sorrow with which its members, on the eve of the opening of the Conference, learned of the sudden death in Washington on Monday evening, October 20, of Count Macchi di Cellere, the Italian Ambassador to the United States.

Uniting with ability of a high order an unusual training and experience, Count di Cellere received his appointment as Ambassador to the United States as the well deserved reward of a distinguished career in his country's diplomatic service. His services at Washington, covering a period of great responsibility, were as useful as they were important, and materially contributed to the maintenance of that cordial friendship which has so long and so happily characterized the relations between the two countries. Respected as an official and beloved as a man, his untimely decease is mourned throughout the United States.

To the members of the Italian Mission in attendance at the Conference, their colleagues from Belgium, France, Great Britain and the United States unite in extending their sincere sympathy.

### President Ferguson in the Chair.

Mr. Bedford introduced Mr. Homer L. Ferguson, president of the Chamber of Commerce of the United States, as chairman of the opening session. Mr. Ferguson said:

*Ladies and Gentlemen:* I have just arrived from Washington, and were I not down in the printed program as chairman this evening, I think it would be taking very unfair advantage of anyone to pick him up suddenly from the midst of a labor conference and transfer him bodily and in thought to an assemblage like this, which is gathered together for purposes entirely of peace, and with a harmony of feeling which I assure you is most grateful.

During the past two weeks it has been quite impossible for anyone doing the work which I have tried to do to think of remarks suitable to this occasion. I am not saying this by way of apology, but I am simply telling you the truth. However, it requires no preparation to assure our distinguished visitors on the part of the Chamber of Commerce of the United States that they are most welcome, and to assure them that we are glad to see them and hope that their entire time in the United States may pass as pleasantly and as profitably as we believe the past ten days have passed for them.

The other night we welcomed them in a home gathering, where the directors of the Chamber greeted them as guests. We became acquainted with them and were pleased to have them tell us that after their official visit is over they expect to come and see us again. We believe that we are all well on the road to a permanent friendship and acquaintanceship that will make gatherings such as this not at all unusual, but to be expected and as necessary to help carry out the part which business men the world over must play in the reconstruction of the world in putting it back on its feet again in a commercial and economic sense.

Production on farms, in factories, in mines, and the carrying on of the transportation which is vital to produc-



tion—this is all just as essential to us as it is to our friends across the sea. While we are discussing labor troubles and internal dissensions, it is just as well to remember that labor troubles follow upon industry and do not precede the establishment of business, but follow it. Without business, without manufacturing, there can be no labor troubles, and we believe that in the United States without our foreign trade, without the safety valve of our business, our enormous production not only of food stuffs, but of manufactured articles, would recoil upon us, and our labor troubles, even though serious as they are, would be magnified tenfold by an over-production here of manufactured goods and by unemployment; so that we are just as deeply interested in keeping up a foreign trade, particularly with our European friends, as are our friends from Europe. Our internal affairs, in particular our labor troubles, are not only influenced by similar conditions abroad—there is a most intimate connection—but are also influenced by our commerce with our friends abroad, and we depend vitally upon the continuation of that commerce. Our friends are going through the United States at the invitation of the Chamber of Commerce of the United States and with joint invitations from representative business associations in the great cities; and in their tour to Philadelphia and Baltimore and Washington, Pittsburgh, on west to Kansas City and to Chicago, and back through the Great Lakes, we want in friendly spirit to tell them that while we have a great and fine country, it is a right difficult country to understand, and if they really want to know it well they will have to come again.

The United States cannot be summed up in a phrase, and it is not a good subject for epigrams. Every four years or so we make a valiant effort to determine what people think about a subject, and even then everyone is not satisfied, and many of us on the east coast have never taken advantage of a trip West. We go to Europe, as a matter of fact, instead, sometimes, and we do not know so much about the United States; but at least we know

this, that important as may be the great cities and important as may be the great industries, the backbone and the heart of the United States lies in the small cities and in the towns and on the farms, and there if they should stop perchance, they would find many, many people, millions of people, who have no dread of this specter of Bolshevism, but think this is a bully country to live in, and who in the last analysis will not be swept off their feet by any confusion of tongues, or by any wild advice from long-haired men or short-haired women.

I appreciate very much what Mr. Bedford said in regard to the competition we shall have after the war. We shall have competition with our friends and with their countries, and we know it; but if it is a fair one, if it is an honorable one, so much the better. Let us have business practices that will be such that high-minded and honorable men may always respect our respective countries, and in the uttermost parts of the earth may be able to carry on their business in a business way without any suspicion whatever of unfair advantage or unfair dealings. And it is necessary in these business arrangements that each country develop itself along its own natural lines. And may I also say that it is necessary if the peace of the world is to be preserved without friction that each country shall have the things that naturally belong to it and shall not be, in this very complicated world of ours, unduly dependent on another country; aye, not even upon its own partners and friends. Independence of a country is essential if the people of that country are not to feel restricted and confined.

With these few remarks, which are not intended to be taken down with the care I notice on the part of the stenographer, I will close my extemporaneous address with the renewal of the thought of welcome, that we not only in words welcome our friends from across the sea, but we welcome them with our hearts, and in speaking this welcome, we reflect the words and thoughts of all the Americans with whom we expect them to come in contact.

It gives me great pleasure to introduce the next speaker, who represents the State Department in Washington. When we first started the idea of holding this International Trade Conference the matter was taken up with the State Department in Washington and I want to assure you all that we are met not only with their commendation, but with their hearty coöperation in this work, and they offered very kindly to help in any way possible, and to show that they have kept their word, they have sent to us tonight the Assistant Secretary of the Department of State in Washington, Hon. Breckinridge Long, who will now address you.

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### Address of Hon. Breckinridge Long,

*Third Assistant Secretary of State, on Behalf of the Government.*

This International Trade Conference is both symbolic and prophetic. It comes at the time the world is making a tremendous effort to emerge from the period of destruction through which for five years it has passed, and to reinstate the normal processes of constructive existence. The destruction has been terrible. It would be awful enough had it been confined to those physical properties which suffered from contact with, or to those regions which were the scenes of, military activities; but, unfortunately, the effects are much more extensive.

The sinister consequences of the conflict through which we have passed permeate all lands and all conditions of life. Devastated villages, barren fields, the unnumbered graves of those who gave their lives for a cause, or who died in War's maelstrom, are the unnatural purposes to which our best manufacturing efforts were directed under the necessities of war, the loss of efficiency in production, the great pile of the public debts, the damage to industrial stability, the disturbance to political institutions and the impairment of confidence; these and many others are not discernible by the eye, nor measureable by



set standards, and are consequently appreciated with diminished understanding. And yet, these and similar matters are the most appalling of the results of war. In the destruction of a village there is a definiteness and an exactitude. It is capable of measurement in value; it is susceptible of exact computation as to the cost of reconstruction. If the village is destroyed, it *is* destroyed. Its status is certain. The time and labor necessary to rebuild it can be known. But, in the complicated industrial life of today the effect of a great shock is not measurable by any known method. The consequences of the shock appear intermittently and serve to magnify our fears, in the same manner as those of the superstitious and ignorant—frightened by manifestations which surpass their simple understanding. Recurrences of disturbance in the economic and industrial worlds cause us anxiety, because we, too, are ignorant of the trend of their development. We are apt to conjure up in our imagination foreboding possibilities for the future.

Now, while it may not be possible to measure with certainty the damage which has been caused to political, financial and industrial structures, it is possible, in the exercise of our judgments and of our intellects and by the application of the standard of our experience, to estimate its extent. Once estimated it is possible to proceed with caution, rebuilding upon more solid foundations and for better results. With all its damage and destruction the war has taught us much and we are now in a position to profit by them.

For this reason I say that this Conference is both symbolic and prophetic. It symbolizes the sound business experience of two continents come together to analyze the wreckage, to estimate the cost and to form a determination to superimpose on the ruins of war a great and modern structure. It prophesies that the close coöperation which existed during the war between our country and the lands from which come these delegates, will continue in peace and that the ties of friendship which were sealed in blood will grow and develop in that friendly

trade and commerce which are so necessary to the proper development of the peoples of each of our nations.

The Conference comes at a time when the serious thoughts of serious men can do much to rehabilitate the damaged structures of the world. Trade is based on credit, credit on confidence, and confidence can only exist where law is settled and supreme. There must be an established order. The ordinary processes of law must obtain and the ordinary activities of an organized society must precede business activity. These can be assured only under an established government properly functioning as a political organization and capable of asserting its authority.

Fortunately in each of the countries here represented there is such a government. Consequently the way is clear for the most full and free interchange of commodities. Our concern should be for the immediate future to witness the financial and economic operations which will most effectively restore industry to its normal activity. As soon as this can be done the effect upon the peoples of the different countries will be to encourage them and to make more firm their confidence in the beneficence of the political organizations under the jurisdiction of which they respectively live. We will thereby have contributed to the restoration of the morale of the world.

These things are possible, and will be the natural consequences of a conference participated in by men of experience, breadth of vision and patriotism which characterizes those who are here assembled.

Mr. President, your Conference comes at a time when there is a new spirit and a new vision abroad in the world. We stand at the threshold of a new era. There is a knowledge of peoples, of their habits, histories, sympathies and needs participated in by the peoples of all other lands which has not existed heretofore. The underlying causes, the factors which made this possible, are mechanical—the evolution of science and the developments of the laboratory. The motive powers of steam

and gas, minimizing distance on land, on sea and in the air, and the instantaneous reaction of electricity, echoing our voices through space and transmitting the stories of our thoughts and actions around the world, have started the processes of cementation. The world is bound around with bands of steel and strands of copper, each additional one doing its part to overcome the ancient obstacles of time and space.

When the scientific history of the last hundred years is reviewed we stand amazed at our development; and when we consider that the motor is the child of the present generation which already, even in its infancy, has spanned an ocean in its flight, our imaginations can only faintly perceive the possibilities of the prodigy.

These scientific and mechanical developments are valuable because they have created avenues of communication. The greater the facilities for communication the closer are peoples bound together, and with the continuing multiplication of these avenues the more immediately and intimately will one people come in contact with others.

These agencies of communication have two effects. Automatically there is created a certain propinquity between countries really separated by great distance. But also they cause the inhabitants of one land to take a personal and material interest in the inhabitants and in the affairs of the inhabitants of other lands.

Friendly relations between countries become mutually advantageous to and mutually desirable by the composite citizenship of each, but these relations also have their direct bearing upon the individual citizen.

In days gone by, before our social life had become so complicated, before specialization of labor and of production had been developed to their present high degrees; in days when a country was not only content, but able to consume the products from within its own borders and imported little from abroad; it was an object for the particular and exclusive attention of statesmen to culti-



vate relations with other governments; an object which gave the ordinary citizen little concern.

Today there is a difference in the land. Our life is complicated. Our commerce is intricate, and its channels are various. We produce more than we need, but not all of the things we consume. We export much and import a variety of the products of other lands and of other climes. Such things as "balances of trade" have come to the intimate acquaintance of every banker and every large producer, and have made it the concern of each that good relations of one government with other governments shall be cultivated and maintained. Diplomacy has been popularized, in that its practice has a direct, and possibly an immediate bearing on the ordinary affairs of life.

All this demonstrates conclusively that the isolation of former days—a condition which prevailed in every country, wherever situated—has been exchanged for a national interdependence. The isolation was physical. Space and the lapse of time created it. The interdependence is mechanical, for by such agencies have space and time been reduced in consequence. The very processes of reduction have made it the concern of those who are most affected by it, and the men who do the bartering and selling and transporting, and the dealers in exchange, and the more numerous producers, the spinners and toilers, are brought face to face with diplomatic situations which may affect adversely their means of livelihood.

In this complex world of interdependence trouble between two governments may block trade routes and interrupt commerce between countries, and the effect of it will reach back along the avenues to the point of origin of the shipments, and back still through intermediate channels to the producing organization, affecting both capital and labor over its whole route.

Today it is a matter of business that there shall be the fewest possible number of disturbances to production and to commerce, and it is equally a matter of business,

and for business men, to devise that conditions at home and abroad shall be such as to keep open the usual processes of production and trade. Labor and capital have an interest in common with the government, for each will be affected in the same degree.

So these mechanical devices have brought the peoples of the world today to the point where their knowledge has been increased, and the new thoughts and new ideas of international coöperation are manifestations of their new consciousness.

With the fall of the German Empire it was finally decided that force as the deciding factor is to be eliminated for all time; that reason is to prevail; that calm deliberation is to take the place of military demonstration; and that the public opinion of the world, which can now be marshalled through these avenues of communication, and capable now of coördinate expression, will be called upon to differentiate between the righteous and the unrighteous, between justice and injustice.

In the future there will be fewer disturbances to industry so that the normal processes, once re-established, may proceed to their logical development. This Conference can do its large part to bring about the return to normal and to heal the wounds which still gape on the industrial and political bodies of the world's great nations.

So it is with pleasure that the Government of the United States learns of the presence here of delegates from its neighbors "over there," welcomes them to America and voices its belief that their coöperation with you is an indication of the spirit of the new era, a spirit which will bring success to your efforts and peace and tranquillity in the world.

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#### Address of M. Florimond Hankar,

*Chairman of Belgian Mission; Director, National Bank of Belgium;  
Honorary Director General, State Savings Bank of Belgium.*

*The Chairman:* We had hoped during these series of meetings to have with us at some time the King of the

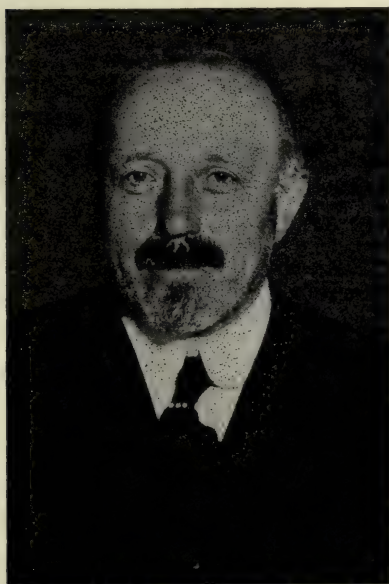
Belgians, but as the time of meeting had to be put off, it could not be so arranged that it would fit in with his trip through the United States. When we speak of the King of the Belgians and of his country, we Americans are filled with pride, and we glory in that brave little country and in the noble king who during the months and years of war shared with his troops a common danger and came out of the war one of the outstanding and noble figures of all time. As a representative of that country it gives me great pleasure to introduce the distinguished President of the Belgian Mission, M. Florimond Hankar.

M. Hankar spoke as follows:

*Mr. Chairman, Ladies and Gentlemen:* Permit me to say to you that my colleagues and I of the Belgian Mission, speaking at once for ourselves and for our government, deeply appreciate the welcome we have received here. It is hardly necessary for me to add that the pres-

ence at this Conference of so many representative business men of the United States is a signal honor to our Mission. Knowing as we do that you have assembled here from all parts of the country, we are more than ever impressed with the great significance of our visit and our reception by you.

We have come at the kind invitation you extended to us to tell you of the conditions in our land and to inform you as to our commercial needs.



M. FLORIMOND HANKAR.



Many Americans have only a general knowledge of Belgium. To give you an idea of the country I come from, I might quote one of your own authors in a book I found on board the *Northern Pacific* on our trip across the ocean. Mr. Cyrus C. Adams, in his "Textbook of Commercial Geography," speaking of Belgium, says:

"The country is about as large as Maryland and is the most densely populated State in Europe."

Again Mr. Adams says:

"Manufacturing and mining have made Belgium one of the richest countries in Europe."

In spite of the fact that the geographic situation of Belgium is such that our country has been the center of many great wars, the Belgian people were not prepared for this war, but they were instantly ready to oppose the invading foe of humanity and fight to the last for right. And because our fight was just and right, America came early to our aid.

We have received many gifts from the American people. The name, "American," is written in gold in the hearts of our people and our affection for the United States will go down through the generations in Belgium. We are thankful for what you have done and for the gifts you have bestowed upon us. We received these gifts as coming from one friend to another. We were proud to accept them because they were given out of the generosity of true friendship.

We have a proverb in our country which runs:

"He who gives quickly gives twice."

And so it was with America. The American people gave quickly to our Red Cross. The money you contributed was turned over to Dr. Depage, the most prominent surgeon of Belgium, who, with the generous help of, and under the high patronage of our beloved Queen Elizabeth, established the big military hospital at La Panne.

I shall not attempt to tell you about all the wonderful work that was done there. But I will say to you, that the lives of thousands of wounded Belgian soldiers and

fighting men of other Allied nations were saved by the new and quick methods of treatment which the hospital—the hospital the American people made possible—was enabled to give them.

During the war we were surrounded by an almost impassable iron wall. We could not break through it to send our letters, communications or word to the outside world. The Belgian mother could not even correspond with her son. And then, one day, came the Americans, and we knew that we had friends outside the wall.

The Americans came with the C. R. B., as the Committee for Relief in Belgium is known in every household in our land. I know many Americans who left their business, their professions, their studies, to come to our aid in those days. We shall never forget them.

The stoppage of food supplies in Belgium threatened our future generations. Children on whom we depended for the generations to come were sorely in need of food. You never will know what a great need was theirs. And then, you came with the necessities of life, and Belgium took renewed courage.

I am happy to tell you that the results of what you did are everywhere visible in Belgium. You have only to go to our factories, into our fields, to the places where men toil to see what the food you gave us in our hungry days has done to make our people fit to carry on the strenuous work of peace after the wearing days and months and years of war.

It is not for me to say what our soldiers did. You and all the world know that. But I may say that we now are fit to go on with the great battle of life because of what America did for us.

I take it one of the lofty purposes of this International Trade Conference is the perpetuation of the ties which held the Allied countries together so steadfastly during the war.

We learned during the war what can be accomplished by coöperation and unity of purpose. Unity of purpose on the part of the Allied powers saved the world from the

forces of evil which threatened to destroy civilization. The same kind of united effort now will mean a commercial progress throughout the world unthought of in the days before the war.

One of your mottos, "In Union there is Strength," is the motto of Belgium. We learned much about union of strength during the great conflict. It was because of your high belief in this motto that you came to our assistance and we all united to preserve those things for which civilized people have fought down through the ages.

It was as certain as the coming of tomorrow's dawn that a nation, founded on the fundamental principles upon which this country was built, would enter the war on the side of right and help bring about a union of strength among the Allies which would insure victory. And so we saw and learned what unity of purpose can achieve.

We have won a victory in war; we must now strive for as decisive a victory in peace. This is the reason why the members of the Belgian Mission have come to the United States to get acquainted with the people who have done so much for Belgium and to let you get acquainted with us.

You gave us Hoover. We felt in those dark days that there was a union between your country and mine that would endure forever. And then you joined arms with the Allies and we knew that the bond had become imperishable.

You may imagine, then, what our feelings were when we were invited to come with the International Commercial Mission to the United States to meet you.

You know all too well what happened to my country during the war. You know of our destroyed cities and towns, our wrecked industries, our workmen taken away into slavery, and the miles of devastated farming and fruit lands. That is an old story to you now, and I am not coming here, as has been said, "to exploit our misery."

But there is a new story of Belgium beginning. Belgium's wrecked towns and cities are being set in order.



Her roads are being rebuilt. Her shell-torn fields are being plowed and planted and crops harvested. Here and there, manufacturing plants, which were not despoiled of their machinery by the invading foe, are operating again. Throughout the land there is industry—where industry is possible.

The people of Belgium want to work; they want to produce. Let me say to you that just after the armistice there were 800,000 unemployed in Belgium. And today there are less than 200,000. The spirit of the people is there, but the needed implements and supplies and some foreign credit are lacking.

And so we look to the United States to furnish those necessary factors for the development of Belgium, for the building up of a new Belgium that will be more prosperous, more productive than the old.

The people of Belgium are anxious to do their share—and more—to bring about a great international union of world commerce, pledging themselves to a universal unity of effort which will mean peace and prosperity for all time.

This, gentlemen, is the message I bring to you from Belgium with a reiteration of Belgium's deep and everlasting gratitude for what America already has done for her.

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### Address of M. Eugene Schneider,

*Chairman of the French Mission; President of Creusot Works;  
President, Iron and Steel Institute of France Former  
Member of Chamber of Deputies.*

*The Chairman:* The next speaker on the program hardly needs any other introduction to an American audience than to say that he will be known to all of you when I tell you that he is the maker of an instrument of warfare which has become a household word in the United States, the French 75. When we found out after years of war that our boys over there had back of them

as their principal artillery support these same French 75's, and when we knew that those guns were right, we were prepared to believe that the builder of those guns was right. Eighty per cent of all the heavy guns of France were built at the famous Creusot Works, the head of which we believe employed more than 80,000 men, who is the chairman of the French Mission whom I now have great pleasure in introducing—M. Eugene Schneider.

M. Schneider said:

On behalf of the French Mission I should like to express thanks for the cordial words of welcome extended to us in the name of this International Trade Conference. We shall always treasure the memory of the wonderful reception this vast audience has given us tonight. It is typical of the whole-heartedness and strength which are so highly representative of the American temperament. Whole-heartedness and vigor of mind are the qualities which are the basis of the material and moral development of America.

Gentlemen, I may be permitted to speak in a personal way about these excellent qualities of the American people, for I have had, as my father had before me, considerable business dealings with America. And I will say here, for the first time in public, that I received the most splendid coöperation from America during those early years of the war, when I placed orders in this country for many hundreds of thousands of tons of steel and for great quantities of large caliber shells. My engineers reported that they found everywhere the greatest willingness and the most whole-hearted coöperation. I am happy to pay this tribute to American spirit.

And these qualities of which I have spoken, namely, whole-heartedness and vigor of mind, are the qualities that we find again today in the initiative which the Chamber of Commerce of the United States has taken.

It is with real and sincere pleasure that we have responded to your invitation. While we take this first

opportunity to express to you our most hearty thanks, while we bring to your distinguished chairman and to all of you, gentlemen, our cordial greetings, we hope that these greetings will go further and through you to the whole American nation that has acquired such an imperishable right to the admiration of the world.

Here we are, upon your invitation, in company with our Allies, ready to confer with our American friends upon the means for satisfactorily settling our common interests. In our Mission there are bankers, shipping men, representatives of the textile, steel and chemical industries. We form a curious embassy, quite an up-to-date embassy.

Yes, gentlemen, let us not be mistaken; it is the kind of embassy appropriate to the new era, the beginning of which has been marked by our common victory.

Before leaving Paris, we were received by our Premier, M. Clemenceau, and M. Clemenceau, with his wonderful clearmindedness, told us:

"It is up to you now to lead the government in those paths which lead directly to the general welfare.

"More and more diplomacy will vanish before direct agreements which will be reached between the peoples, for Victory has opened the era of universal democracy."

It is in that direction that it can be asserted that the Chamber of Commerce of the United States has taken a really historical step. Whether we succeed through our conferences in reaching definite agreements, or only the basis of such agreements, it will not be long before the importance of such action will be fully realized; for there is at least something which will survive these present meetings: that is, the habit of meeting together, and conferring upon our mutual problems in an atmosphere of cordial friendship. It will mark also, I hope, the permanent organization of an international economic institution to carry out in the realm of business the idea of the League of Nations.

Thus, gentlemen, you will have given to the course of events a decisive impulse, and History will say, as I do



today, that the Chamber of Commerce of the United States has been a benefactor to the world.

*The Chairman:* We wish to thank M. Schneider for his very kind expressions of regard for what the Chamber of Commerce has been trying to do.

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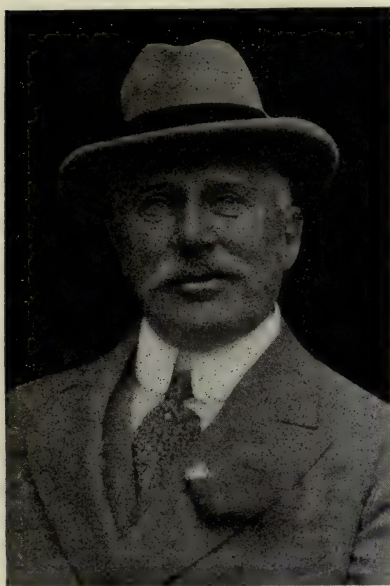
Address of Sir Arthur Shirley Benn, K. B. E., M. P.,

*Chairman of the British Mission.*

*The Chairman:* The next speaker, ladies and gentlemen, represents a great country and a great aggregation of countries that needs no introduction, and when I have told you that the next speaker, representing the British Mission, in his own person represents the husband of an American wife, I am sure you will agree with me that he is already very well introduced into the United States. He lived here a number of years and we do not think he has entirely gotten over the habit yet, and I take great pleasure in presenting the chairman of the British Mission, Sir Arthur Shirley Benn.

Sir Arthur said:

*Mr. Ferguson, Ladies and Gentlemen:* I thank you, sir, for the kindly manner in which you have introduced me, and I thank you and the Chamber of Commerce for the kindly greeting that you have given the British Mission of merchants that came here to attend the conference.



SIR ARTHUR SHIRLEY BENN.

We who live in those little isles girt by the northern seas, the motherland of the British race, the center of our widespread British Empire—when we come to America, no matter how long the voyage, we always feel that we are not far from home. The great hospitality so freely given, the kindness so continuously shown, and that almost indefinable little sympathetic touch makes one always feel that there is existing a friendship between

the majority of the peoples of both our lands that forms a tie which is stronger than contracts and is likely to last longer than treaties.

America has one great asset, an asset that no other country has; she has sprung from the loins of ancient Europe; she has been able to take of the best of the peoples of Europe and mix it with the modern ideas of things produced by science and ingenuity. She builds up without pulling down. We in Britain love to think of her as the gigantic daughter of the West. We see her marching forward to the paths of civilization and we love to

claim her with France, the great immortal and indomitable France, which has her claims also to building her up.

It is interesting to realize that nearly two hundred and forty years ago LaSalle, the great French explorer, when he saw Comte de Frontenac, the governor of Canada, the French Governor General, and tried to persuade the Governor General to allow him to make an expedition to the mouth of the Mississippi, told Comte de Frontenac that if he could join up by a line of forts the source of the Mississippi and the source of the St. Lawrence France would be the mistress of the country lying between. He said:

"I can affirm that the source of the Mississippi comes from somewhere in the vicinity of the Celestial Empire. In other words, France will be mistress of the country between the St. Lawrence and the Mississippi and it will control the trade of China through the great and mighty channel which I shall build to the Gulf of Mexico."

Ladies and Gentlemen, it is not France alone that has her claims. Nearly all great countries in Europe have done their share in building up your great country. But there is one thing that we claim, and that is that the ideals and principles held today by the Americans are the ideals and principles that were held by your great Americans who helped and did found your nation. They were the principles of Washington, of Hamilton, of Jefferson, of Madison, of Monroe, and scores of others, men who were bred and educated under the British flag.

Ladies and Gentlemen, I venture to say that those ideals and principles are the ones that are now professed by all of us and that the nations who have sent missions here today are nations who believe in those ideals and believe in those principles and are determined to try and carry them out. We believe in liberty, but not license. We believe in the people and the government of the people, by the people, for the people, and we believe that better days are coming for all of us. We have been through this awful struggle; we have been partners in seeing that civilization was not trodden by the dominance



of Germany. We are going to be partners in the reconstruction of our lands. We have a hard road to travel. Those of you who have not seen the devastated areas in France, in that great and brave little Belgium, in Italy, cannot realize the devastation that has been wrought and the necessity of all of us, of everyone who can afford it, to lend a hand in rebuilding. I should like just to read two verses that I heard read by the Bishop of Bothwell, which I think is a very good proof of the action that the Allies intend taking and that we will take:

“Keep on looking for the bright skies,  
Keep on hoping that the sun will rise;  
Keep on singing when the whole world sighs,  
And you will get there in the morning.

“Keep on sowing when you have lost the crop,  
Keep on dancing when the fiddlers stop;  
Keep on fiddling till the curtain drops,  
And you will get there in the morning.”

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### Address by Comm. Dr. Ferdinando Quartieri,

*Chairman of the Italian Mission.*

*The Chairman:* Before we got into the great war a great many of us put in an hour or so a day tracing the battle line across western Europe and from Belgium across to Switzerland, then down in Italy, and we became familiar with the configuration of the country. We studied about the people, the character of the land and what they were doing, and watched under a nervous tension the line move back and forth, and nowhere did we watch with more care than in Italy, and finally we saw that line surge toward the north until it passed Trieste. We saw the Italian arms predominate in that country, and we came to know in this country of the wonderful water power and wonderful resources and beautiful farms that were devastated and laid waste, that must be rebuilt, and now we expect, remembering the same names and the same towns

and the same country, to see Italy built up again so that Italy will become as prosperous as it was before the war, and we expect to see that result, because we know that the Italian people are not only faithful and true to their country but gifted with a remarkable industry, skillful in their work, thrifty, and the people are bound to succeed when given the opportunity to work and the raw materials with which to work, coal for fuel, wheat for food for a time; machinery to develop their water power, and these things will help to put them on their feet, because they only wait the opportunity to all get busy again and rebuild their wonderful country. They have sent us a most representative Mission, ladies and gentlemen, and at the head of that Mission is a most distinguished engineer, the head of one of the greatest chemical works not only in Italy but in the entire world, who furnished during the war the major part of all of the explosives and chemicals used by the Italian army and navy. In fact, I expect it was his company that furnished the explosives for the two most wonderful torpedoes on record, or mines, when Capt. Luigi Rizzo himself individually and alone, blew up two of the most wonderful gigantic battleships the world has ever seen. And in doing so probably stamped himself as the one man in all time who single-handed did the greatest damage done to any enemy. I take great pleasure in introducing to you the President of the Italian Mission, Dr. Ferdinand Quartieri.

Dr. Quartieri said:

*Mr. President, Ladies and Gentlemen:* Allow me on behalf of the Italian Mission to express our warm appreciation of the cordial welcome extended to us by the American representatives to the International Trade Conference.



DR. FERDINANDO QUARTIERI.

In organizing this gathering the business men and manufacturers of this great Republic took an important step toward completing the great work begun on the battlefields by the gallant soldiers of all nations who so generously shed their blood in the cause of Liberty and Civilization.

You have realized that no mere military victory could insure the definite triumph of these immortal principles for which the supreme sacrifice was

made, in the high hope and assurance that it would fructify in the brotherhood of nations and the final cessation of wars.

This remarkable gathering of business men has grasped the present needs and future dangers of the situation, and with that enlightened spirit of generous fraternity which characterizes your great country has invited us to come and take council with you in your own land.

You realize that it is only by free commercial relations that the barriers between countries can be removed, and that political excesses can only be avoided if friendly



agreements between the nations insure the equitable and most profitable distribution of natural resources, accumulated wealth, and labor.

All honor to you, brothers of America! Be assured that the hand which you extend to the Belgians, the French, the British and the Italians is warmly grasped.

In every humble home in Italy, America is known and loved; she is known and loved by the masses of our people; and this intimate knowledge forms the solid basis for an enduring friendship.

As men of culture, you are acquainted with Italy's glorious past; as men of affairs you cannot be unaware of the living Italy of today. When traveling through our country you will have observed the care with which the land, fortunately subdivided among a large number of owners, is tilled, and you will have noted the development attained by the factories which have sprung up all over Italy. And in these fields and factories your American Red Cross workers, who came to us in the hour of stress, and who have made the name of America popular in every cottage in our land, found once more those Italian laborers whom they had learned to know in their own country, and who have bathed with their sweat, and often with their blood, all the greatest works accomplished in the world.

How often during our travels the unanimous recognition of the intelligence, thrift, and industry of our people has consoled us for the harsh and frequently unfair judgments passed on our country! Nature, niggardly in endowing our land with natural wealth, has graciously bestowed on us this blessing which, today more than ever, is recognized as an asset of inestimable value by the business world.

Our people entered the great war in no imperialistic spirit of conquest, moved thereto solely by idealistic motives. It threw into the struggle all its strength and all its wealth so that Italy should not be absent from the field on which the Allies were fighting for the freedom of the world, and so as to gather within the boundaries of

the Motherland those Italian populations which, through centuries of oppression had successfully resisted a constant and relentless process of elimination and absorption.

We Italians realize that the work before this Conference is that of insuring the economic reconstruction of all the Allied countries which have so cruelly suffered in this terrible war, including those new states which arose on the ruins of the Austrian Empire. Though their representatives are not here with us, yet they are fully entitled to the solicitous help of their richer and more powerful Allies.

Before the war Italian industry and thrift had placed the economic life of our country on a solid basis and ensured its steady progress. The rate of exchange, constantly at par, was the best proof of this. A careful study of the situation will, I think, show that there is no reason why we should not again restabilize our position.

We see that labor, the predominant and gravest factor of the day, is resuming work throughout Italy in a satisfactory manner, and that our people are returning to those habits of economy which the war had disturbed, and which is one of its most conspicuous virtues.

The Italian government, free from all old-fashioned financial prejudices, gave freely all that was required to win the war; it is now prepared to give that generous and unconditioned help to industry and agriculture which the economic revival of Italy demands.

The heroic policy of very heavy taxation which was adopted from the start, and which has been courageously persevered in, has yielded results which justify the belief that the national budget will soon recover its equilibrium without inflicting too severe sufferings on the country; and this is clear proof that productive work has been resumed.

In studying the items which now turn the balance of trade so heavily against us, we find that they fully justify confidence in a rapid economic recovery. The excess of imports is accounted for mainly by raw materials for which there used to be but a limited demand, but which

our new factories now require to transform into manufactured goods which Italy formerly imported from European countries, mainly from Germany.

As for our food imports, they will gradually be reduced, now that our men are returning from the armies to the farms.

Our industrial development and our agricultural revival, therefore, justify the belief that in a few years' time the balance of trade will once more be such as to make Italy the self-supporting country she was before the war. She will then be able to pay off the debts she has incurred with foreign countries without being unduly hampered by excessively high rates of exchange.

Proud of the great sacrifices which her people have made for the honor of fighting in the ranks of the defenders of Liberty and Democracy, Italy sends you her greeting. She is convinced that her coöperation will be as valuable to her Allies in the industrial sphere as it was on the battlefield. She is confident that with your help she will be able to develop more fully her resources and to find employment in her own country for her abundant supply of labor, the value of which you will be the first to appreciate.

It is this labor which awaits your coöperation to become a bountiful source of wealth and prosperity to the whole world. If your coöperation does not fail us—and it will not—the Italo-American understanding will yet enable us to write jointly a page in the annals of history not unworthy of the countries of Washington and of Columbus.



# International Trade Conference.

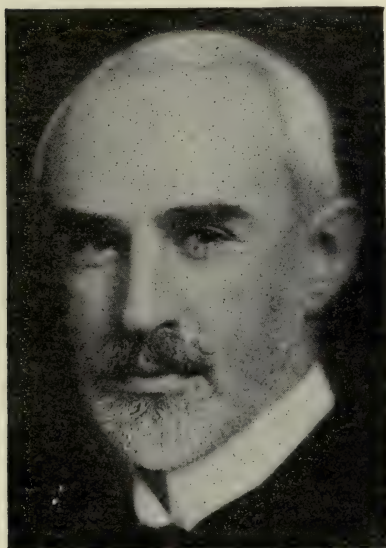
MORNING SESSION, THURSDAY, OCTOBER 23,  
10 O'CLOCK.

MR. JOHN H. FAHEY, PRESIDING.

Mr. Fahey said:

Once convinced that liberty, justice and civilization were at stake, the United States of America recognized its duty and joined the splendid nations represented here today in the conflict which meant so much to the future of mankind.

By that course America won its place high on the world's roll of honor beside its Allies, who had so steadfastly held back the enemy hordes until we arrived. Who now doubts our readiness to sacrifice blood and treasure and do our utmost when our duty is apparent?



JOHN H. FAHEY.

Peace had been signed; but that happiness and prosperity for the peoples of the world, always coupled in the minds of men with thoughts of peace, are yet not attained. Today they still seem afar off and the road seems long and hard.

The aftermath of war in some of its aspects is quite

as terrible as the struggle itself. The death of the soldier on the battlefield when he gives all for love of country and humanity is one of the most inspiring things we know. The toll of death which comes from battle is spectacular in extreme and quickly impresses itself upon the mind; but as a sequence of war there are tragedies quite as terrible but less appreciated.

Undernourishment, starvation and disease demand this awful tribute from the war-swept countries and those affected by its ravages. The process is slower and more subtle, but it may be no less destructive in its results. It is not death and sorrow alone that are involved, but the threat to all we hold dear in life, as represented and protected by modern civilization.

Hopeless men, unable to work and to secure food and shelter for their families—soldiers who have risked everything in the zeal of patriotism for the benefit of their fellows—quickly turn in despair to the belief that the existing social order must be wrong which takes no cognizance of their sufferings or brings to them no adequate relief.

There is nothing strange or unnatural about the development of such sentiment. Men who are starving, men deprived of opportunity to work, can hardly be patient and forgiving.

The issues which brought us into the war, therefore—freedom, justice, the maintenance of civilization—are just as much at stake today as they were on that fateful day in the spring of 1917 when we plunged into the midst of the struggle.

Far removed from the scene of actual conflict, three years passed before we understood its true significance and were impelled to action. Still as distant and as lacking in realization of what is following the signing of peace, nearly a year has passed and we are now beginning to see and understand that our responsibility is not yet at an end. Idle thousands in Europe—the same thousands of heroes who helped to save the world—are now distressed and restless, facing cold and hardship in the

winter that is about upon us, because they lack materials with which to work and supplies to maintain life itself.

Our sacrifices were small, indeed, compared with those of our Allies in Europe, and the end of the war finds us practically the only large country in the world able to give substantial aid. That we wish to do all in our power, no American and no one who knows America will doubt. The only questions are the extent of the need and of our ability to meet it.

It is to examine these questions and so far as possible find the answers that we meet here today.

Planning, courage and unity of action won the war. The same factors alone will bring the victories of peace.

Obviously it is our first task carefully to survey the conditions in Europe and have clearly before us the necessities of the hour, while at the same time we determine our own power to respond.

A distinguished citizen of each of the great countries here represented will put before you the picture of conditions as they are today in his own land, and leaders of thought at home will likewise try to place before all of us a review of our circumstances and our resources.

It is quite consistent that the head of our great Department of Commerce, within whose purview comes not only the development of our powers of production at home but our ability to distribute abroad, the minister of the Cabinet, who through the war has given his days and nights and his whole mind and strength to serving our country in its great effort to back our soldiers at the front to the limit, should be our honored guest on this occasion and sketch for us the situation in the United States today and its ability and willingness to respond in full measure to the necessities of the world.

Ladies and Gentlemen, it is my great privilege and pleasure to present the Hon. William C. Redfield, Secretary of the Department of Commerce of the United States.



## Address of Hon. William C. Redfield,

*Secretary of Commerce of the United States.*

Mr. Redfield said:

*Mr. Chairman and Gentlemen:* May I begin with a purely personal note? My dear friend, the Ambassador from Italy, lies dead in his home in Washington. He was not merely an Ambassador to me, but a friend who was welcomed in my house by himself as a family guest. It was my privilege to do what I could to encourage him in days of trouble and to rejoice with him in days of gladness. He was a faithful servant of his country and I share with the gentlemen from Italy their sorrow that he should be taken away at this time.

Gentlemen from France: Your Ambassador is my beloved and personal friend. His noble American wife has been to him a comfort and a stay through these dark years. I have seen him bear the heavy burdens and have had the privilege of rejoicing with him as the sun has risen again.

We are proud that Great Britain has sent to us that noble man who, could he have had his way, would have saved all this sorrow. America honors Viscount Grey, and rejoices that he is here to be one of ourselves in heart and spirit.

And King Albert and his noble wife have captured America. We are theirs. He is one of our Kings, too; and you, gentlemen from Belgium, have got to consent to his dominion and that of his Queen in our hearts also. We must ourselves share him with you. Wherever he has gone he has won friends among all who honor manhood and who reverence womanhood and who respect courage under difficulties.

And so we are assembled with united hearts and one great hope to continue a common task, a task still unfinished, perhaps barely begun, but one in which our hands and our hearts must be united, if we are to do the work that falls on us to do.

It happened last Sunday morning I went to a little country church down in Virginia without knowing very well what it was I should see. As I sat in the pew I saw on the door a plate telling me that that was the pew of Nellie Custis, the niece of George Washington. As I looked on my right at the adjoining pew I saw upon it "1772," and the word, "Washington," for that was where the Father of our Country sat, in that identical pew in that little country church. And it so happened, by one of those strange accidents, that the door of the little church was open; and just outside, with my right arm hanging in Washington's pew, I saw yonder there a fresh stone in the churchyard; and on it, cut in letters large enough for me to read, the inscription, "To an American Officer who was killed in the Argonne." The link of thought between Washington here and the dead soldier yonder was at once affecting and inspiring; and I wondered then if America could see that the great line of action which one began and the other died in finishing was still unfinished and that much remained for America to do before her part in this great contest would be completed.

One day there came down to my desk a statement purporting to be the record for the month of June of the exports and imports of the United States. When I opened it and saw that it said that the exports of this country in that period were \$918,000,000 and the imports but approximately one-third of that I had no feeling whatever of exultation or of joy. On the contrary, the grave sense of responsibility to our country as to what was involved in those figures became more weighty as one thought; and at last it seemed a clear duty to bring that matter before the President of the United States in a communication pointing out to him the essential meaning of the facts which those figures revealed. I told him that it was clear that process could not go on; that it was not right, or even possible, that it should continue; for the building up of this enormous balance in favor of this country was not good, neither for us nor for those who were debtors for those great amounts.

The situation is worse even than I thought at that time for I did not then recall what ought to be clearly in your minds as business men: that when we say we are accumulating now a balance, as we call it, in our favor of about four billion dollars a year as things are now running, that balance is reckoned in American dollars at par. If it is reckoned in the currencies in which it must be paid by those who owe it you must add something like at least twenty or twenty-five per cent from their viewpoint to it. So the four billions of dollars in our favor now, reckoned from the standpoint from which it must be considered by most of Europe, is the equivalent of about five billions.

As I see it, the obligations of the world to the United States are, as a whole, understated. The figures are so very large that perhaps one is afraid to put them where they really are; but it is just as well for you and me to get the facts as they seem really to be in order that we may know just what the problem is with which we have to deal. The ten billions of debt due us from abroad is government debt. That consists of loans made by the United States Government itself. It has nothing to do with the private transactions of the time; it is but one item in the great account. To that must be added soon, if not at once, the amount of a billion and a half dollars, being approximately three years' interest on this great sum, which it is probable we shall fund for the nations abroad, making the total government loan eleven billion, five hundred million when so reckoned. To that must be added an accumulating balance at the present rate of four billions per annum on merchandise account outside of the government loans, making a total of fifteen and a half billions; and to that must be added another billion by reason of the difference of exchange of which I have just spoken. So, if we state the problem as one which involves the earlier or later meeting of obligations at least fifteen billions in extent, we shall know pretty well what it is we have to face.

Now, gentlemen, debts are paid in three ways and only in three: in services, in goods, or in cash or credits which



are a deferred form of cash. The world would be highly thankful today if there were some other way in which debts could be paid; but, so far as I know, these are the only ways in which they can be extinguished. Before the war we had what we called a favorable trade balance of what seems now a trifling sum, from four hundred to six hundred million dollars a year, more or less as years vary. But that was only a visible balance and the invisible balance covered it all up. We received, for example, the services of foreign vessels for carrying our exports; we disbursed in Europe large sums for travelers' accounts; we had the services of insurance of various kinds done for us; and we paid interest on foreign investments in this country, and in this and other ways absorbed the so-called "favorable balance." But those things do not exist today and the problem is the worse on that account.

We are not spending largely for traveling abroad; we are creating our own merchant marine; we are developing our own marine insurance companies and our other companies on a larger scale; we do not seek the services that we did seek and which we then had to have; we are not able now to buy goods largely. The remaining source is cash or credit; and in that way, and in that way chiefly, we must face the problem as it stands. I hope and believe that we shall open our doors much more widely than they now are to receiving goods from abroad; for we cannot sell if we do not buy.

This world can never get along with America trying to sell goods to everybody and asking cash in return. It would be arrogant, it would be unlike the spirit of helpfulness which pervades this country, it would be impossible, anyhow. It is not to be thought of as a practical proposition that we should sit at the seat of customs handing out goods in return for cash on delivery, and I hope the time may come in America when the business men will have gotten so much vision that the idea of selling goods abroad on the basis of cash with order and the balance against shipping documents will hardly be

respected. It arises out of our juvenile experience with the world; it is part of the youthfulness of our country in foreign trade; it goes back to the time, relatively speaking, when men demanded cash on each delivery because they trusted nobody. It is part of the isolation of thought of America eminently desirable from a strictly retail point of view, but quite unworthy and impossible of one of the family of nations.

The question, then, for us is how we are to help along with this mighty problem of which we hold two phases largely in our own hands. We are the world's creditor. Are we to be a hard one? We have, in addition to supplies of raw material, the finished material and equipment that the world needs. How are we to deal with those two problems which we are to discuss today? How would you business men deal with a customer of yours who was in trouble but whose record was that of honor and success, and high character? Suppose he, through no fault of his own, became temporarily overwhelmed; what would you, as American business men, do with him? Would you draw a sight draft? Would you even ask him to sign a three-months' acceptance, or would you rather do what I know you have done: go to him as a friend and say:

"Now, John, don't worry, don't worry; too bad you had that fire; too bad that flood came; too bad things are so; but I am here to say that I am going to help you through. I know you are just as anxious to pay as can be; you are a lot more anxious to pay than I am to get it, because I know you are good. I am going to stand by you, John, and help you out."

Now, that is not altruism; it is just good sense, because the basic thing about John is John's character. That is the bottom of all things; and if John lives—and nations do not die—if John lives, John is linked to you from that day forth by ties you never can break; and it would not be any good for your competitor to come around and offer John goods at five per cent less price after you had saved his life for him. And so, from hard

business sense you deal generously with a friend in trouble through no fault of his own.

Gentlemen, a great horror of selfishness burst upon the world in August of 1914, something so hideous that the idea of national selfishness ought to be hateful to us all forever more, for we saw it revealed in all its naked wickedness and evil; and against it men struggled, struggled for righteousness' sake, and for honor and for home, bravely struggled at fearful cost; and we, in our comfort and peace, did not at first see it was our fight these brethren were fighting, and out of it we profited largely through their need. We did, and we cannot deny it; we gained largely in material things out of their need. The time had not yet come when our gain was to change to a spiritual nature. It did come. We at last saw that the English and the French and the Italian and the Belgian armies were fighting our battle; that it was, after all, just one modern phase of the old battle of Christianity against Apollyon, of Christ against the Devil.

We saw it at last and we came into the struggle and, through the providence of God, the struggle was won and the devil was chained. But then the waste places were still left and the idle hands and the ruined homes and the empty factories. Are we quitters? Do we call our boys home when the physical fighting is done and say:

"Thank God, it is all over. Now we can be at peace here; with an ocean on each side of us we can be perfectly safe. There is nothing for us to worry about. Let us take care of our own affairs, and let them look after their own affairs."

But we cannot; we laid our hand to the plow and we must plow the furrow to the very end. Why? There is one thing more; we are parents, with the nations these gentlemen represent, of new nations. There sprang young countries into life, infants of ours, Poland, Czecho-Slovakia, Serbia, the new Roumania, and others besides them. We are the parents of these people and we cannot forsake our children, unless we would be fore-



sworn before the world. You and I may not win a war without having to face the consequences of having won that war, and we cannot longer say—aye, we have said far too long already:

“Take care of yourselves; it is no concern of ours.”

Once let our people catch the vision of a world we have in part created ourselves, and you may be sure America will rise to that again.

But, gentlemen—gentlemen from abroad—we must ask you to be very patient with this American people in certain things in which they may seem slow of action, and in which they may be not prompt in response. You should bear in mind that from our earliest days it has been written into every American thought that we should have just as little as possible to do with the nations that were beyond the sea in any political or military, or other than friendly and commercial way. Every party in American politics from our beginning down has had that as an unwritten or frankly stated doctrine of its creed.

“No entangling alliances with the nations of the world.”

We have carried it so far as to get it in what we call the Monroe Doctrine, which is, after all, but an extension outward into the continents of America of the inward thought of every American that we deal solely with our own domestic problems. That thought lies deeply ingrained in American life. It was the power of that thought which in a very large part held us back so long from entering into the great military contest. It is the reappearance of that thought in one or another form which is delaying now our taking up more actively the duty we owe to you and to our other fellows in Europe. We ask you to be courteously thoughtful of that old idea, still powerful, still projecting itself in many minds, with the momentum of a century and a half behind it.

It is a thought which is passing away. It is a thought which in the minds of our men of vision has passed away. It is something which the sense of duty to be done and a task to be undertaken will entirely re-

move; but it is something which acts for the time as a brake, not as a cause of stoppage, but as a cause for a relatively slow action that may give you some concern. But let it once be clear that we can separate ourselves in thought or action without being false to ourselves; let that once appear, make it plain, if you will, in going about this country yourselves, that we are tied to you, and must pull together, and then that difficulty will go also.

I hope, Gentlemen of England, France, Belgium and Italy, that you will speak with great frankness to our people. We like it; we like it quite as well when it is something with which we have not in the past wholly agreed to. The man who talks to us man-fashion without reserve, kindly but plainly, is always welcome in America.

Now, how are we to deal with the core of this whole problem? That core is this, to help others who owe us largely into a position where the payment of what they owe will not be burdensome to them, and meanwhile to provide them on an adequate scale in addition with the thousands of things they need, but for which at the moment they have not the means to pay. That is a problem worthy of the very best thought of the American business man, and it is not the most difficult because it reverses this thought that I have spoken of.

Consider, gentlemen, that at the opening of our part in the war two years ago in April, there were considered to be but three hundred thousand investors in securities in the United States, and that as a matter of fact over twenty-one million persons became subscribers to Liberty bonds. That was a revolution in thought. Now, just such a revolution in thought has yet to take place in the business circles before we shall get the means of dealing adequately with this fraternal problem. We have not been accustomed to buying the securities of foreign lands, and there is no time to educate one hundred and ten million people in that problem. The problem is too urgent;

the needs are too great; they are here. We have got to do something far more effective than that.

It has seemed to me that a new organization must be created, or organizations one or more of a kind, as yet novel to our polity, but yet growing normally out of it. I do not wholly agree with some of my wise and conscientious friends, as anxious as I am to see this problem handled adequately, when they say that our banks are able to deal with it. I doubt if that is either correct, or if, being correct, it is wise. What we must do if we can in this matter is to bring the entire credit-giving power of the country to bear on this problem. We placed our great loans because every household became a partaker in them. We must place our great credits on the same principle. I hope we shall get an organization which shall combine within itself the banker, the manufacturer, the merchant and every other group of our people that desires to be included, which shall represent the whole round sphere of American life, American economic power and which, because it does that, may be made the center of an appeal in every village in the country, so that in that way we can get the very heart and mind of the United States with you and for you.

Yet we may not speedily create any such organization to buy securities. If you went into many a prosperous town of the central West or the far West or the South, they would not so much as know what was meant in many places if we asked them to buy the securities of another land. We have got to adapt ourselves to the existing conditions in order to carry the problem through. Therefore, it seems to me we must have some such organization as I have suggested which shall itself be in intimate and active daily touch with the countries who need our help and whom we desire to serve; that that company, that organization, shall have a capital so large as to compel respect and confidence from the beginning; that it shall be supervised by the Federal Reserve Board, and thus have the added confidence of intimate touch with the Government, although I do not believe that the Gov-



ernment itself should have any further place in granting these credits.

Such an organization of such a character, so supervised, should be able to offer quick credits all over the world, and nothing less than the whole round world will do, for we shall greatly err, gentlemen, if we think of ourselves as limited in this matter to Europe itself. It might be our duty in behalf of Belgium to help along in the Congo; it might be our duty in behalf of France to do something in Madagascar to make some property there more profitable. It might be our duty to aid in Algeria. When people may come every day we ought to be ready for them wherever they come from. So I hope for a great organization which ought to have not less than five hundred million dollars capital in it—a billion would be better still—which will take the securities of nations, provinces, states, railways, corporations of all kinds, public utilities, and against those and supported by its own wealth issue in this country at a current commercial rate of interest in small and large amounts its own debentures, so that Tom Jones, who has fifty dollars, can buy a fifty-dollar debenture and know that he is helping France to her feet, and be glad of the knowledge.

And these should be put upon a basis so broad, should be so disseminated in the country by an organization akin in its scope to our Liberty Loan organization, that they should become household words everywhere, for I take it that nothing less than several billion dollars is going to do the job as it ought to be done, and that there is to the American mind something inspiring in the very bigness of it and that we should love it if it was a big job, and we should not care about it so much if it was a little one. So that appeals to me as the one thing which, at the moment, modified as circumstances and discussion may make necessary as the one thing which seems to me an adequate step—a step, for it is but one—toward the solution of this great problem. We must wait for our payments, gentlemen. Thank God, we can afford to wait.

We must be patient and generous in the waiting. We must prefer to wait; but our friends across the sea cannot wait; we must not expect them to wait, gentlemen. We must be prompt and quick and generous and we must deal as friends with friends and not as hard misers with those who are in need.

I have seen three or four cases of propositions of loans abroad within the last month or two which filled me with shame. We cannot, oh, my American friends, we cannot, we cannot take advantage of those who are in distress. We cannot for our own profit's sake treat them other than brothers. We must not take a big shade off the loan we make. We must look far along the line to the profit of the future and not to the grasp and gouge of the present. The profiteer has no place in this job. This is a case of helping brethren to their feet; and if we do that they, being brothers, will respond as brothers should. Let us look to the building up of a good will for America. All around the world business men are dealing as Christians and gentlemen with brethren in distress. It may do something to please the narrow-minded group of directors if out of some loan made at extortionate terms a considerable profit were had for one institution; but the credit of America and her ultimate wealth would suffer in the doing. I beg that your hearts resent and your minds refuse and your hands reject any suggestion that in the granting of credits to Europe in these days we do it save on the basis of brotherly kindness.

Nay, nay, are we to go without reward for service? Not at all, not at all; for these be gentlemen with whom we deal and they do not accept service without reward. All that I say is that it be due reward for due service rendered in the spirit of brethren. For, look you, my friends, as a final word, look you, my friends, there are three sources of profit coming from this to America just as we owe to them in return for what they did for us; for many of your factories, many of your public utilities, many of your railways were built with money loaned by France, by Great Britain, by Holland, by Belgium, and

by other countries. We took it up by the billions of dollars when we were in need. We could not have developed our great economic structure without their help. This is but the case of "turn about is fair play." They did not gouge us and we will not gouge them. But there are three sources of profit possible to us and normal to us. One, the righteous, normal interest on the investment itself. Second, the business which normally will flow from the operations carried on by American capital abroad; and, third, the business which normally follows as we build up patiently and well the countries which these brethren so wisely represent.

I thank you for listening so patiently to this brief, and necessarily very hasty review of a serious situation. It is one which is worthy of your best. It makes an appeal here; yes, it will make an appeal to your purse and your action, but not the appeal of charity, unless by charity we mean its ancient meaning, love.

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*The Chairman:* I know that I express your sentiments when I say to our Secretary of Commerce that we are all of us deeply grateful to him for this accurate and far-visioned picture that he has given to us of America's opportunities and responsibilities.

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### Address of M. Eugene Schneider,

*Chairman of French Mission; President Creusot Works; President Iron and Steel Institute of France; Former Member of the Chamber of Deputies.*

*The Chairman:* We have heard a word as to America, her present status, and her future opportunity and duty. What of Europe, prostrated by this terrible struggle? There can be no thought of war and the successes that have come out of it without realization of the magnificent



contribution to success made by the business and industrial leaders of the world; for, in the last analysis, victory lies at the will of those who command materials and machinery to place in the hands of heroic soldiers, and there can be no survey of Europe and the magnificent heroic work done there without the many contributions of the industrial generals of the world. In that staff of magnificent leaders none stands out with greater prominence than the head of this distinguished French Mission, our guest here, M. Eugene Schneider, the head of the great Creusot Works of France.

President Ferguson said last night in reference to him, that the product of his great plant, the French 75's, had become a household world in America, and I am sure it was only through neglect that he failed to mention the fact that the first shot fired by America in the war was from the mouth of a French 75.

Of all the business leaders of Europe none is better qualified, none has more valuable experience, or better analytical powers than has M. Eugene Schneider to present to you in picture the difficulty as it exists in Europe today. It is my privilege and pleasure, therefore, to call upon him as the first of our distinguished guests selected by all of the Missions to first give to us a survey of Europe as a whole.

M. Schneider said:

*"Jamais si belle cause n'avait attire l'attention des hommes; c'était le dernier combat de la liberté et sa défaite ne lui laissait ni asile, ni esperance."*

Gentlemen, that is how Lafayette expressed his admiration and enthusiasm for the cause of American Independence; namely:

*"Never had so noble a purpose offered itself to the judgment of men. This was the last struggle of liberty; its defeat then would have left it without a refuge and without hope!"*

A hundred and fifty years later, the same impulse urged you to our shores, and no sooner had your soldiers landed

in France than they saluted the tomb of Lafayette with these words:

“Lafayette, we are here!”

It is with deep emotion that we have now set foot in America, whence in a never-to-be-forgotten hour sprang the glorious legions which, in the cause of righteousness and freedom, joined their arms with ours and helped us to win the victory. May I add that our visit is in some sort a pilgrimage and particularly moving for a Frenchman because he sees the shades of those great ancestors who so providentially formed a friendship now over a century old.

Your invitation, gentlemen, and the presence here of these Missions are the proof of our desire to continue, now that peace has come, the good work begun in the war. We are all convinced that our victory is not an end but a beginning, a herald of further victories which we shall share together; and side by side with you, before the boundless expanse spreading out to human activity, an outburst of faith and hope lifts us up, while in the heavens we see rising the dawn of a new era.

In the discussions to which we are invited we shall be unreservedly plainspoken. We are strangers to the arts of diplomacy. We look men in the face as becomes friends who feel worthy of each other. We shall tell you of things as they are, guided, not by our desire to please you, but inspired solely by the truth—not with a preoccupation of selfish interests, but with the lofty conscientiousness of our common good.

The problem lying before us is the greatest and most stirring of all. We are gathered together to examine the state in which the war has left, not only the countries we represent, but also the rest of Europe and indeed the whole world, and to consult with you about the best treatment to insure the healing of wounds caused by this unexampled crisis.

When the armistice was signed, now nearly a year ago, all the Powers were more or less like sick men who, no sooner have their fever abated, than they think they are

well again and start about their business. They are taught by their helplessness that between sickness and health there is an intermediate state called convalescence, and they learn to their cost that convalescence is as hard to overcome as sickness.

Only now are we really able to begin to measure the havoc wrought by the awful disease that war is. Physical havoc! Moral havoc!

The physical havoc is easily seen. Cast up the account of the wooden crosses in the cemeteries, of the women in mourning in the streets; travel from Dunkirk to Belfort; visit the Venetian provinces of Italy; go through Belgium, through Poland, through Serbia; cast up the account of devastated fields and forests, burned factories, villages blown out of existence! Cast up the accounts of billions owing by the nations!

But, even when you have made up the tremendous total, you will not yet understand the enormity of the destruction wrought by the German people in their last war, the immensity of the whirlpool where they have engulfed men and money. There are figures so stupendous that our imagination is at a loss to comprehend them. Can you represent to yourselves 10 million slain, 10 million dead men, lying in three parallel continuous lines stretching from New York to San Francisco?

Such is the tribute that the world has paid to war. Add the wounded and the maimed and those that war has rendered unfit. You must bear in mind that a mass of over thirty million human creatures have suffered from the war, being either utterly destroyed or broken for ever.

When an attempt is made to rate the material losses, the results arrived at are terrifying. In France, alone, the damages inflicted upon dwellings, farms, mines, factories, railroads, canals and highways amount to a total of 27 billion dollars. Add to that figure the war-expenditure proper, including pensions payable to the widows and the maimed, and the total for France alone rises to 71 billion dollars, a figure officially given in the Chamber of Deputies on September the ninth, last.



To the different nations which took part in the war, it is generally admitted that the cost has been more than 200 billion dollars. What brain can conceive of such a sum? The Franco-German war cost France 2 billion dollars, including the indemnity exacted by Germany; the Russo-Japanese war cost Russia over a billion dollars and Japan half a billion; the Civil War cost three and a half billion dollars. But the war of 1914-1918 has cost ten times more than all the wars waged in the world since 1850.

Formidable though these figures are, they do not tell all the facts. One of the most evil effects of the war has been the diminished production of certain raw materials indispensable to modern life. Everyone is aware, for instance, that the world lacks coal. So acute is this shortage in many parts of Europe that it impedes industry, interferes with railroad haulage, delays shipping and this accentuates the general burden of reconstruction, while the people are deprived of the fuel upon which they depend for cooking and heating. Likewise, there is a shortage of cotton, linen, wool, fertilizers, oil, sugar, grain, etc.

At the outbreak of the war, each nation was like a vast firm whose cellars and stores contained stocks accumulated by former generations. At the present time, cellars and stores are well nigh empty. We used all our stocks and for a space of five years we produced only to destroy. Never have the wants of Europe been greater nor her resources more scanty. Eleven months after the armistice, eleven months after our victory, we are poor, weak and crushed under an enormous debt; our populations are too scantily fed; rationing is still in force; the cost of living continues to rise at a more rapid rate even than wages or salaries; many a home is not even assured of its daily bread.

To be fed and clothed, to set industry going and give employment, we must buy abroad. And, as we cannot sell abroad in the same proportion, the exchange rate of our currency rises against us; therefore our purchases cost us more, causing our debts to increase and our credit

to fall. Where once we were creditors we now have become debtors.

Gold currency is no longer seen. The distribution of wealth in the world, the value of money, international trade, the conditions of labor have all changed. The sudden return to peace has not been able to stop our countries on the steep slope where war was rolling them.

The moral ravages of war are no less grave, though of a nature more difficult to describe.

The war was a powerful magnet attracting the whole activity of all the individuals of the nation. Not an hour but was taken up by work, not a minute free from uncertainty; every movement, every step had its significance; everyone was straining in one gigantic effort, as our great statesman M. Clemenceau remarked in those striking words:

*"Je fais la Guerre!"*

When suddenly the magnetism ceased, the mainspring snapped. The first impression was one of relief; every heart was brimful of joy. It seemed almost as if human nature could not stand such intense emotion.

As a float, suddenly freed of the weight that keeps it down, shoots up to the surface of the water, so there sprang up in the minds of men a belief that everything would change radically and quickly, as though by some miraculous process.

Victory, so long prayed for, even by unbelievers, suddenly assumed a magical and all-powerful character. To it would belong the power of tearing the clouds asunder and making the light shine forth. We had left the Inferno; we must therefore be in Paradise.

With its iron-gloved hand, war had stimulated zeal, brushed aside petty jealousies, curbed impatient minds, subdued bodies and soul but, as it now suddenly disappeared, there surged upward clamorous demands, selfish passions and interests, hitherto suppressed or utilized for a superior end. Such a state of mind supervening in such a precarious economic situation, such a paroxysm

of excitement upon too weakened a system, could not but stir up numberless complications.

The first intimation given to us of this state of affairs was a slackening of effort. Overstrung muscles were seeking rest. There spread over the nations that had been so long at war a wave of indolence. The workers, pleading the sufferings they had so bravely undergone, claimed an eight-hour day. In vain did economists point out that to remedy the general shortage it was necessary to work and increase production. No one cared to overlook the merits of the workers nor their right to concessions; what they demanded was granted; moreover, the men promised to do in eight hours the work previously done in ten. In actual fact, however, with fewer hours of work an alarming decrease occurred in production.

Then came a wave of delusion about the efficiency of Government intervention, a blind belief in its absolute power and its inexhaustible providence. During the war the Government had been dictator and sole employer. The Government provided everything. The Government paid high wages. There was no limit to its wealth and liberality. No one complained. No one thought of resisting. The habit had only to be continued and the times of bliss predicted by Karl Marx would be at hand.

Socialization and nationalization were put forward as sovereign remedies for all diseases. The railroads, the mines, the merchant fleets, water-power, if nationalized, were to bring back abundance and prosperity; and the masses began to demand, in a more pressing manner a radical social transformation.

Yet the cost of living continues to increase day by day. It is attributed to the scarcity of foodstuffs, depreciation of money and disorganized transportation. But the reduced production, the increased wages and, above all, the growing demands of consumers and the general rapacity of merchants and dealers have their share in the crisis. At any rate, the cost of living spreads dissatisfaction and is the chief obstacle to the blessings of Peace.

And, lastly, note that, at the close of the war, men have



become more impatient and violent. They demand immediate satisfaction of their uttermost desires. They listen willingly to agitators and extremists. In five years' time the world has been thrown out of gear. Yet these men pretend to put it right in one day without taking into account either past or present circumstances.

One of the consequences of this impatience is the multiplication of strikes. Never have strikes been more numerous or more brutal yet never has there been a more conciliatory spirit among employers. Never has the stoppage of work had more disastrous results.

It must be acknowledged that wisdom is in peril and we are tempted to recall the fable told ages ago by Agrippa, of the stomach and the limbs. But why wonder that amidst the universal upset the human mind has turned giddy? A new name has been bestowed on the malady from which it suffers:

Bolshevism.

Everyone knows what the word means. If, at certain times, and in certain places, the illusion was entertained that out of Bolshevism might be evolved a stable and prosperous regime, it is only too sure today that in the grip of that mad force, Russia is slowly dying. Nothing is more tragical than the death-throes of that gigantic body, convulsed by madness. When one thinks of the sacrifices made by the Russian people in the common cause, one cannot but feel an immense pity. It behooves us to keep ever before us that Bolshevism is a social plague which must be prevented from spreading at any cost. Bolshevism is dangerous both directly and indirectly.

Directly, since its leaders are striving at a methodical propaganda. Their avowed design is to set the world ablaze so as to realize their crazy plans. And because Bolshevism can prolong its existence only by spreading to other countries, so Lenine has sent out into the world numerous agents well equipped for their nefarious propaganda. It is no exaggeration to state that there exists

at the present time a Bolshevik plot, the network of which covers the whole world.

Indirectly, Bolshevism is no less dangerous. Initiated by a few reforming but powerful minds, it embodies doctrines in which there is mostly nothing but the old instinct of anarchy. To this latter it lends a semblance of dignity and idealism and then, leads weak minds astray. It is near enough to us for its example to attract and invite the imitation of some; it is far enough away for the effects of its formidable dictatorship to remain shrouded. The physical and moral disturbance succeeding the armistice has singularly helped it to spread. And thus it has reached Germany, Austria, Hungary, and the rest of Europe and thence the world.

It must not be fancied that the disturbances to which we refer are confined to Europe or certain European States. In different degrees they are common to the whole world. They have not spared neutrals any more than belligerents. Strikes and social unrest are to be found in Sweden and in Switzerland. No country can boast of not harboring the poisonous germ of Bolshevism. We have only to glance at the newspapers. We have only to open our eyes and look around us. Throughout the whole world, we see sudden outbursts of frenzy. They are to be accounted for only in one way.

Those who expected the millenium to arise from Victory and Peace have been cruelly mistaken, and those who thought that, the enemy being down and out, everything would be easy, now see that a new effort is necessary.

There was no need to explain the war; everyone understood its message written in blood-red letters. The present struggle appears less clearly and in a less imperious manner. It has been defined as the organization of the convalescence of a sick world.

Now, that convalescence must first take place in the domain of economics. Restore the economic balance and the moral balance will be restored of itself. The man who receives wages adequate for his wants, who is decently fed and can feed his family decently does not ordinarily

dream of complaining. He listens no more to evil influences nor cares to bear through the world the torch of revolt. It was said long ago that the social question was a food question. Without scarcity of food and bankruptcy, how many revolutions would have been impossible!

To restore the economic balance of the world—such, gentlemen, is the pressing and all-important task.

How can it be effected?

Under the pressure of circumstances and taught by experience, the Allies during the war, in the same way as they entrusted their military operations to one mighty brain and generous heart, organized their production for the common good. To a united military front corresponded a united economic front. Each government would cast up the account of its wants and receive its proportion of foodstuffs, raw materials and tonnage.

After the armistice, it was thought that Liberty would be sufficient to restore abundance and harmony in the world. It was thought necessary to allow the individual to exert his spirit of enterprise and leave the different governments to their own responsibilities. To continue Inter-Allied coöperation seemed like putting a premium upon carelessness and laziness, everyone being able at any time to count upon the help of others.

But is not Liberty at once the best and the worst of systems? All depends upon circumstances and environment. Salutary today, she may be fraught with evil tomorrow. It may be expedient to restore her only by degrees. To bring her back suddenly may destroy everything. Liberty, to take wing, must have a more stable starting-place than chaos.

At any rate, since November, 1918, it cannot reasonably be pretended that the convalescence of the world has made any progress. The evils from which it suffers have become worse. I was trying a moment ago to tell you how matters stood. Products have reached formidable prices. Their distribution meets with a thousand difficulties. The crisis of international money exchange has



assumed unlooked-for proportions. Dissatisfaction, insecurity, anxiety are growing apace.

The experience has been so conclusive that the Allies have called together again the Economic Council which they had thought it possible to dissolve. Once again, they have felt the necessity of coöperation, the necessity of following a preconcerted plan, now that new enemies, anarchy and the spirit of disorder, must be crushed as Germany was crushed.

Most emphatically must it be asserted that today it is not right to exclaim, "Every man for himself." Such language would be justifiable if the war had laid upon all the Allies an equal burden and if our Victory had left them all in the same condition.

But it must be recalled that Fate weighed upon us in an unequal manner. Fate levied neither the same tribute of blood nor the same tribute of money. Some saw their land invaded on the first day of the war. Some served on the field of battle during years; others were spared. Some were obliged to devote their whole industrial strength to war work; others carried on their commercial activities. The ones, for the common good, gave up building ships in order to build more guns and aeroplanes, the others launched new fleets. During the war those who had ships sent them to those who were short. Those who had steel and coal sent them to those who had none. In that way was Victory secured.

How should we stand if every one had not tried to do better than his neighbor, begrudged his sacrifices and selfishly worked for his own future? We should have been beaten long ago. But, by acting as they did, by giving everything in common to one common end, the Allies have contracted a mutual obligation not to forsake each other. If they were to forget that now, our victory would belong, not to all of us but only to some. It would be changed into a defeat for the others and precisely for those who made the greatest sacrifices to insure success.

When they invaded Belgium and Italy and especially the north and northeast of France, the Germans syste-

matically destroyed all industry likely to compete with theirs after the war. They set fire to towns and villages, laid waste the fields, cut down the orchards, enslaved the young and put to the sword, generally in cold blood and with revolting ruthlessness, old men, women and children. In carrying out their wicked work they thought, "Triumphant or beaten, our enemy needs must succumb under such treatment." The Bulgarians, when they invaded Serbia, acted in the same way.

Today the unity of the Allies alone can foil such base schemes. Without that unity we must proclaim from the housetops that the world will emerge from Victory beaten, and Germany will have won the war. Everyone must be absolutely enlightened on that score. Given the circumstances under which Victory was won and the price it cost, it is only a provisional and conditional victory. To be final, the victorious team of today must be the more prosperous in ten years' time. The honor of the Allies would be tarnished if any of them, through lack of help, now died of war wounds.

When America entered the war, she said, "To the bitter end." Now, a military victory is not the end of the war. By taking part as it did in the European War, the United States seemed the instrument of the conscience of mankind. The minds that have faith in the triumph of idealism, righteousness and morality, over brute force and injustice looked up to, and still look up to America.

You cannot realize what a moral prestige your country possesses, and it is not possible for any one of you to think of throwing away such a precious asset. You have all understood the meaning of our victory. You know that it means the triumph of moral over physical forces. You know that the mightiest forces are righteousness, honor, generosity, magnanimity. Because they possessed none of these forces the Germans were beaten. You know all, that when the fate of the world remained still uncertain, you turned the scale with the weight of your sword. The same feeling inspired Lafayette when he said to Silas Deane, "You must show confidence, and it is in the midst of perils that I care to share your fortune."

The moral interest of the United States is to continue to help Europe. You have proved to the world that for the sake of an ideal you are capable of the greatest sacrifices, and now, that financial and commercial interests enter into question, would you shrink from helping?

The United States should not forget that it has invested in Europe 10 billion dollars, a part of its national wealth. It generously lent money to the Allies because it thought them honest and able to hold good against the attacks of the powers of tyranny. The Allies are today no less honest and no less able. Their task is no new one; it is the logical outcome of the one in which you took part; it is no longer the task of winning the war but of healing the wounds of the war. Healing those wounds means for the Allies paying their debts and coming back to health and strength.

"Stand back," I say to those whom a French statesman has dubbed "Apostles of Pessimism." To be convalescent is not to be moribund, and it would be a paradox indeed, to doubt the valor of a champion when he has just won a match.

In 1914, Germany thought the Old World exhausted. She thought she alone remained in good health amidst many sick nations and that she could easily overcome such puny adversaries. On that delusion she built her plan of campaign; she counted on Frivolity in France, weakness in unprepared Belgium, indifference in Great Britain and Italy. She misread the signs. A second time she made a similar and no less destructive mistake. She thought she could allow Bolshevism to spread through Russia without being infected herself. And lo! It came to pass that Bolshevism easily gnawed at her vitals. And the nations whose fall she expected, displayed on the contrary, the indefinite resources of indomitable determination.

Our old nations that have known so many vicissitudes contain within themselves mysterious forces which come to light in time of peril. Do not be mistaken. Ours is but



a temporary weakness. We are bound to recover. In only one case, gentlemen, would it be permissible to despair. If we had no consciousness of our condition or, if having the consciousness, we took our condition for granted with hearts resigned and arms crossed.

Now, gentlemen, what is the situation in the Allied countries? Plans, criticisms, activity, haste everywhere. Are those signs of death? No! Rather symptoms of life. When the anthill has been disturbed, the ants hurry about in apparent disorder. The passer-by may believe they are fleeing from their destroyed home. But next day he will find it rebuilt. Everywhere the European organism is reacting; everywhere antidotes are being elaborated; everywhere the remedy is arriving for the disease.

At the present moment, we are suffering from three main diseases; insufficient means of transportation, high prices, inflated paper currency. Note that each evil bears in itself its antidote. The crisis in transportation comes from insufficient rolling stock. No doubt, but it rises also from a formidable increase in traffic. High prices and inflated currency come from insufficient production and profiteering. No doubt, but they arise also from a considerable increase in consumption. If, immediately after the armistice, life had begun again slowly and according to the rhythm adapted to our scanty means, there would have been no crisis. The crisis occurred because life was impetuously driven through too narrow a channel—because the hearts of men were beating too fast and too impatiently.

In our several countries, the Governments and the people are endeavoring, with an energy resembling that displayed during the war, to cope with the evils and stamp them out. Road transportation is organized; traffic is diverted to the canals; no possible expedients are ignored. Laws have been made against profiteers. City councils have become dealers in foodstuffs. Governments have opened stores and stimulated coöperative buying. The people are forming protective leagues. The Press tries its best to back these efforts.

As to the international money exchange crisis, had this not been foremost in our preoccupations, we should not have crossed the Atlantic to confer about it with you. Never mind if success does not come immediately. The essential thing is to attack the problem; the essential thing is to show good will.

I spoke a moment ago of the moral ravages of the war. In that field also a vigorous effort of prophylaxy has begun. When the eight-hour day became law the representatives of the workers acknowledged that the reduction should not entail a diminution in production. Yet, production had diminished.

This then raises the questions: "Must machinery be improved? Must overtime be worked? Must we fall back to a ten-hour day"? Open a Belgian, French, English, or Italian newspaper. The subject is discussed by men of opposite parties with remarkable high-mindedness. Every factory, every workshop is trying to institute bonus systems or other schemes of payment likely to enhance the spirit of increased production.

The abuse made of the work socialization and nationalization has now brought about a formidable reaction. The common sense of the people, their instinct of social conservation have both shown themselves in opposition to premature experiments, particularly when proposed under such highly unfavorable circumstances. Public opinion though ready to stand by the workers in any reasonable claims and to help them in any efforts toward betterment, has made it clearly understood that there are limits which must not be overstepped and that revolutionary adventures are not to its taste. Strikes upon which agitators were counting, have failed for lack of popular support. Everywhere the more moderate elements among the workers are getting the upper hand. The international strike that was to have broken out on July 21st was a signal failure. But the idea of labor contracts, and of recourse to arbitration, as between employers and employed, is making progress.

Bolshevism, after fancying that Europe would be an

easy prey, has met with an indomitable resistance in the Allied nations. It broke out in Munich and Budapest, but stopped at Allied frontiers. This does not mean that we do not dread it, but we are on our guard. In all the allied countries the elements of order are grouped against Bolshevism. In all elections the motto is: "War against Bolshevism." Unless she is deliberately cast into the monster's jaws, old Europe will not allow herself to be devoured.

In such times as we are passing through, it is extremely difficult to find out what is taking place in Europe. Travelers who visit our countries, even if they talk with the best informed men, can hardly appreciate the real degree of vitality of our nations.

For that, it would be necessary to mix with the populations of the cities and watch the thousands and thousands who work in the factories; but anyone seeking that experience would come back fully reassured.

He would have seen the Belgians, fired with their heroism, strongly tempered by their trials, sweeping away the ruins and already hard at work. He would have seen the Englishmen in spite of labor troubles, methodically grappling with every problem, slowly winning back their former position in shipping and doggedly forcing down the unfavorable balance of trade. He would have seen what a fund of energy the Italian people possess, abstemious, hard-working, always ready to earn money abroad and take it home to the old country. He would have seen France mourning the loss of a million and a half of her sons, with her fairest provinces laid waste, clasping in her arms reconquered Alsace-Lorraine, prouder, more upright, more resolute than ever. In all our countries he would have seen mothers, wives, and daughters, of heroes, some of whom have bent over the wounded in ambulances and others taken in the place of soldiers in factories, on farms and in every form of labor—women of every social grade, showing the same confidence in the future, the same hopeful smile.

We were told that, among those who have recently been



in Europe, some have returned with the impression that France seems the most weakened. Is it not because for five years thousands of square miles of her territory was the battlefield of the world and because it was she, who made the greatest and longest sacrifices? For the last six hundred years it has been said that France is lost! The saying was current at the time of the Hundred Years' War. It was repeated after the religious wars of the sixteenth century. It was repeated after the Revolution. It was repeated again in 1870. Yet, every time, she springs up younger and stronger than ever!

The land of Joan of Arc, Henri IV, Napoleon, cannot perish; nor can that country perish which has given birth to the blue-coated, blue helmeted, mud-bespattered warrior—the wonderful and immortal “Poilu.” The words of a French general, whom you all know, may be applied to the undaunted spirit of France. When the flower of the German army was hurled against the 20th Army Corps in the first battle of the Marne, the great Foch, then only a divisional general, wired in reply to the anxious inquiry of the Commander-in-Chief: “Enemy pressing on my right and breaking through my centre; maneuvering out of question; am taking offensive.”

The question is therefore not whether we shall recover. Recovery is certain and those who put their trust in us will not be deceived. The question is: How long will it take us to recover? With your help, recovery will be speedy; without you, recovery will be a more difficult and lengthy process.

If you remain strangers to our efforts you will remain strangers to our future, but you will not remain strangers to our sufferings. You will know our sufferings and evils, which will reach you in spite of yourselves, in spite of ourselves. The war has once again proved that the earth is round and a singularly smaller planet than of old. The times are no more when a farmer could quietly plow in one valley while fighting and killing was going on in the next. A disturbance in one part of the world is felt in every other part, just as an atmospheric disturbance in

one zone affects the wind in the uttermost regions of space. The ocean is no more a barrier against social and political storms than it is against a hurricane.

I am convinced that the United States cannot hold aloof from Europe. The needs of Europe are great and varied and she will remain for a long time one of your best customers. Suppose that, on account of the rate of exchange, we should cease buying from you. How would your industries be affected? Would there not be overproduction. Would there not be considerable unemployment? Would there not be a wide economic disturbance with all its consequences?

The gold heaped up in the cellars of your banks must not give you too much confidence. Bear in mind that gold is a fiction. Its value arises from its being a medium of exchange. If the gold is all on one side, exchange becomes an impossibility. An abundance of gold may be as evil in its consequences as a scarcity of gold.

Your interest, no less than ours, is involved, in the financial problem of the Old World, and if only loans can bring the rate of exchange down to a reasonable level, that should be one reason the more for Americans to invest in such loans.

It is not out of place to recall here the example of France in the past, as quoted by an American author, Charlemagne Tower, in his remarkable work on Lafayette:

"Comparatively few people of the present generation are aware of the inestimable benefits which the French conferred upon our forefathers during the American Revolution, at a time when America was without credit abroad and when our cause aroused no other national sympathy in the world than that of our faithful ally.

"But for us Americans the essential facts to be remembered in connection with the alliance are that we went of our own accord to France to ask for help, and that we received it from her. Not only did she encourage us by the permission which she granted our agents to obtain supplies and munitions of war in her ports for the main-

tenance and equipment of the Continental Army, but she employed her own credit to borrow large sums of money which she advanced to Congress, and she sent her soldiers and her sailors to serve under the command of General Washington and to fight for us in the battles of the Republic."

If the United States should forsake us, the war would be a stirring and glorious memory, but also an episode without lasting benefits, something like an uncompleted work. A merciless economic war would soon break out, and once more clouds would gather in that clear and beautiful sky that should eternally spread over the cemeteries where our glorious dead lie side by side, sharing their glory after having shared their perils.

Gentlemen, you want the Victory to be a just one, that is to say, one that shall make reparation for the wrongs inflicted by the war; you want the Victory to be beneficial, that is to say, the first link of a new chain, the dawn of a new era of peaceful work and progress.

For the sake of American trade and industry, for the sake of the loans you have made to us, for the sake of helping Europe to start production, for the sake of sweeping away discontent and consolidating Peace, and for the sake of preserving and increasing American prestige, you will surely work with us.

Behind us stand nations whose guardians we are because we have freed them from oppression. Let us not separate our cause from that of the Czecho-Slovaks and the Poles and the Jugo-Slavs. When we speak of our recovery we think also of theirs. By helping us you are helping them.

To the Chamber of Commerce of the United States is due the credit of foreseeing and understanding the present situation, and it has shown the American people the road to follow. This day that has brought us together will remain a memorable one. For there will be no real peace, no resurrection in the world as it is, if the peoples of the Allied and Associated Nations do not get into close touch, exchange views, compare notes and add the



ties of business to those of sympathy. That is why we are here. By getting together we serve the interests of our several countries as well as the higher interests of humanity. We must remain faithful to the ideal that brought us together during the war, so that when we return to our countrymen, assured of your help and stronger on account of your support, we shall repeat the words our great French Minister Turgot wrote in 1776: "America is the hope of mankind."

*The Chairman:* M. Schneider, I must say to you before you go that no more impressive or thoughtful statement of the conditions of Europe has yet been placed before the American public than that you have just now given to us. It would be impossible to place before us as a basis of our deliberations in this conference a more comprehensive, a more instructive or studious statement than that which we have just listened to.

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## AFTERNOON SESSION.

THURSDAY, OCTOBER 23, 2 O'CLOCK.

Mr. Fahey, in the chair, said:

*Ladies and Gentlemen:* There are in the world shrines so holy as to inspire almost religious emotions on the part of even the most irreverent. There are words known to all the world which bring a thrill to every hearer whenever they are mentioned. Such a word is "Belgium." Synonymous of all that is great and fine and unselfish, the name of that little giant among nations will live so long as the world shall endure. We are privileged this afternoon to hear from a worthy citizen of that splendid land, M. Canon-Legrand, President of the Society of Engineers of Belgium, President of the Chamber of Commerce of Mons, president from its inception of the International Congress of Chambers of Commerce, who has come here because he

felt it was his duty to do so, involving though it did great sacrifices on his part. With his plants destroyed by the Huns, his business laid low as a result of their devastation and cruelty, yet he felt it his duty to his land still to be, and his duty to humanity and to Europe, that he should come here with this distinguished Belgian Mission to be our guests for this Conference. It is more than a pleasure, ladies and gentlemen; it is more than a privilege, it is an opportunity which I consider one of the great honors of my life to present M. Canon-Legrand, my friend of ten years, now on this occasion.

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### Address of M. Canon-Legrand.

#### *On Belgium.*

*Mr. Chairman, Ladies and Gentlemen:* This morning M. Schneider gave you a general idea of the situation in Europe today. He told you of the increasing industry there. Of course you understand that conditions are not the same in all the countries of Europe. Belgium must be considered specially. Our land was totally invaded by the enemy, except for a small part which was held by our army, and the destruction wrought by the Germans was widespread.

"Destroy Belgian industries," was the order Berlin gave. And that command was carried out to the letter. There were in existence during the war two German organizations known as the Thoma and the Wumba. The former was the group entrusted with the destruction of Belgian and French factories, while the latter attended to the theft of machinery and material. The records of the work of organizations fell into the hands of the Intelligence Department of our army and I have seen them with my own eyes.

The Wumba organization had a most complete description of all our factories and industrial plants and ma-

chinery and tools in each one. By a system of espionage the Germans for a period of years during the war compiled an inventory of all machinery and equipment in our plants from the great steel girders and cranes down to the smallest tools and the glass in the windows and skylights. The value and utility of all these machines and instruments was carefully kept by card index. German manufacturers, factories and firms were furnished by the Wumba with lists of available machinery, tools, etc., and the prices at which they could be purchased. As soon as purchasers were found the material they wanted was sent to them in Germany by the organization of vandals engaged in despoiling our industries.

We have the names of the five big German firms which comprised this organization of vandals. They and the government of Germany profited by the sale of our stolen machinery. Special inquiries were sent to German collieries asking what they needed in the way of machinery and equipment in the coal mines of northern France. Special maps and photographs of the material available was supplied.

In true German spirit the Wumba compelled Belgian and French civilizians who were virtually in slavery, to demolish the factories of their own countries and remove the machinery that was in them. I have seen circulars in which the Wumba instructed those in charge of this work to get the maximum amount of work out of these unhappy workmen, and offering rewards to those who made records in despoiling our industries.

It is impossible for us to think without a shiver of dread how completely would have been the devastation and wrecking of our economic, political and industrial life had not victory come at the time it did and Belgium freed from the vandal grip of Germany.

Whenever I think of the vandalism of the Germans in my country, my mind goes back to the International Congress of the Chambers of Commerce and Industrial and Commercial Associations in Boston in 1912. At that convention, of which I had the honor to be present, Mr.



Harry A. Wheeler, as president of the United States Chamber of Commerce, delivered an address which, in the light of what has since happened in the world, was most prophetic.

Mr. Wheeler might have been speaking of this Trade Conference when he said to us back in 1912:

"The business interests of the United States are deeply sensible of the importance of this great gathering. It signifies to us a recognition of a world interdependence, an acknowledgment that the happiness, the welfare and the prosperity of all the people are so interlaced that harm permitted to be done to the least of the nations must necessarily find its adverse effect upon the greatest. Commerce had laid upon its heart and its conscience, by those who are willing to attribute wrong to it, many atrocious crimes."

"Yet save only for the influence of the great world religions, commerce is the greatest single force in the world's civilization."

At that same congress, Mr. Wheeler really foresaw the need of a League of Nations which would bring about "international arbitration of individual and national disputes," and "with commerce create and maintain world peace."

I presented to the Congress a resolution embodying Mr. Wheeler's ideas which proposed:

"The Congress affirms the desire to see convened as soon as possible a number of official international congresses assuring between nations the existence of arbitral jurisdiction in the widest sense of the term and such as may assure an equitable solution of all international controversies, either between the governments; and agrees to the principle of a combination of nations, where possible, to endeavor to prevent the atrocities of war."

Now, let me tell you, gentlemen, that when I proposed to the German delegates at the Congress that such a resolution be adopted they protested and said it was not the time and place for such a matter. Finally, they had to vote for it, but, as I said, I cannot help but think of the

attitude of those German delegates when I look upon the "atrocities of war" which their country committed in Belgium.

All the other delegations at the Congress were strong supporters of the resolution, and I recall that Sir John Bingham, of London, said:

"I think we are all in this Congress a combination of nations of the world met here together of one mind that when and where possible we should endeavor to prevent the atrocities of war."

No such expression came from the German delegates. And Germany started the great war and perpetuated all the atrocities of war.

The damage to steel and iron was on such an enormous scale that complete restoration will take a long time. But despite all difficulties, work is being resumed in nearly all remaining factories, plants are being rebuilt and our stolen machinery is being brought back from Germany.

Belgian industrial leaders are determined to put their plants back into operation no matter what the cost. Steel production now is 27 per cent of normal and iron production 51 per cent. It would require several hours for me to tell you in detail of the destruction of factories at Liege, Hainaut, Ougree-Marihayé and other places.

In the matter of coal mines, we suffered less than the French because the Germans preserved our coal deposits for themselves in anticipation of the time that never came when they believed they would have Belgium's seacoast and ports and be able to conquer England.

But when Germany visioned defeat she set about destroying all of Belgium's industries which before the war had competed with her in the world market. Machinery in factories which was not shipped into Germany was wrecked. One of the great tasks confronting the Belgians after the armistice was the recovery of the stolen machinery and material to replace that which had been destroyed.

Under the direction of the Minister of Economic Affairs, Belgium has been bringing stolen machinery out of

Germany at the rate of 3,000 tons a week. The last report I saw set the total amount recovered at 39,000 tons. This work began in April and is still going on.

One of the most important projects for the general reconstruction of Belgium is that of agricultural restoration. The plan provides for the taking over by the government of farms at their 1914 value, putting them in good condition and returning them to their owners.

Another plan for bringing Belgium back to normal conditions is being carried out by the Fonds du Roi Albert. This is an enterprise created in 1916 and recently allowed by the government 40,000,000 francs. It has previously received 700,000 francs, largely from American sources. This institution provides homes for shelterless people. Huts are erected in the devastated regions. The Germans destroyed 100,000 homes in my country. Thus far, the Fonds du Roi Albert have erected 12,000 homes.

Belgian railroads damaged or destroyed during the German occupation are being rapidly repaired and re-established and on many lines schedules are normal. When the armistice was signed 1,500 kilometers of railroad had been destroyed. So rapid has been the work of restoration that there remain less than 55 kilometers of unimportant lines unrestored.

I was speaking to a friend in New York the other day who was discussing the destruction in Belgium. This gentleman had been in Belgium for several days. He crossed our country on his way to Paris and saw our devastated areas. He said—which was perfectly true—that the most dreadful havoc was where the fighting had been most severe. He said also—and in that I did not agree with him—that in the country which was near the lines, the destruction was not extensive.

Now this gentleman, like many other visitors to Belgium, drew his conclusions from what he saw through a car window. He passed through many towns and cities and saw what he believed to be undamaged factories, buildings and homes. He could not see the inside of those factories and buildings and homes. He could not see that



the factories had been stripped of all their machinery. He could not see the wrecked interior of the plants.

Let me give you another example. You may travel through the country in the rear of the lines of battle and see hundreds of buildings that appear to be perfectly in order, except for broken windows or slight damage caused by shell fire. But if you enter these buildings you will find they are absolutely untenable. Hundreds of them were rebuilt inside and made into bomb-proof dugouts by the enemy. Cellars have been converted into concrete strongholds and the interior changed to suit the war needs of the occupants. In almost every instance it would cost more to restore these buildings and homes than it would to wreck them and build anew.

So you see that conditions like this which appear to the casual observer to be unimportant are great jobs of reconstruction which the Belgian government faces.

Naturally, this Conference wants to know all there is to know about conditions in Belgium. In opening the Trade-Conference last Monday, Mr. Bedford asked several important questions having to do with this subject. Permit me to answer them briefly and generally in so far as they apply to Belgium:

Mr. Bedford asked: "What are the menaces to social order and stability in the different countries in Europe today?" "Have the dangers of Bolshevism or Socialism passed? Is there any danger anywhere of the confiscation of private property, the non-recognition of the rights of ownership and business management or the annulment of law?"

To the first and second questions I will say that there is little taint of Bolshevism in my country. Our people are restless and in many cases dissatisfied, it is true, but what people rendered homeless by war and facing the problems of life resultant from a great war would not be? But that does not mean they are inclined against law and order or have Bolshevik tendencies. The people of Belgium want to work and produce and when they are enabled to do that to the full capacity of their willingness and industry they

will be happy. There is no danger of Bolshevism becoming a menace to government and business in Belgium.

Let me assure you also that there is no danger of confiscation of private property, non-recognition of the rights of ownership or annulment of laws upon which fundamentally depends successful reciprocity in commercial intercourse between Belgium and the nations of the world.

Mr. Bedford also asked: "What are to be the relations between the government and business in the respective countries? Will the various nations in their reconstruction effort stabilize relations between government and business that will recognize that commerce is the greatest of all interests, and will their relations be based on such a statesmanlike conception?"

To this inquiry I reply that the government of Belgium will encourage and do all in its power to advance business between my country and other nations. Belgium realizes that more than ever there must be a community of interest between the government and business and in line with her past achievements in world trade will recognize that commerce is the greatest of all interests.

Mr. Bedford quite properly asked: "What will the attitude of the various governments be toward American industry and commerce? Will it be accorded freedom of trade and equal privilege and opportunity, or will it be threatened with restriction of imports, and the menace of government control or monopoly?"

Speaking for Belgium, I may tell you that my country, as you must know, desires always to consider America as Belgium's greatest friend, as an ally in peace as in war. Belgium desires to work with and for America just as much for the good of American industry and commerce as for the advancement of Belgium industry and commerce. We want America to have freedom of trade without hindrance by governmental discrimination or monopoly.

Mr. Bedford asked whether European countries propose in the future to lower the cost of production through standardization and modern methods, what are the pros-

pects for improved relations between capital and labor and what is the probable policy in each country toward the cultivation of foreign markets, the purchase of raw materials and the promotion of new industries?

The past record of Belgium answers those questions. Belgium, as always, will seek production on larger scales by means of modern methods. Belgium will continue to strive for unity of effort between capital and labor, between whom even after the war there is but little strife. Belgium will, as always, seek cultivation of foreign markets and the promotion of new industries.

The renewal of industry is already very noticeable in Belgium. In our reconstruction work, we are, as I have said, recovering our stolen machinery from Germany. We already have recovered 2,884,000,000 francs' worth of industrial material, including 5,069 machines totaling about 40,000 tons. More than 9,000 machines have been identified in Germany by their owners and the government has received 37,000 demands for missing and destroyed machinery from the owners.

In our coal mines, particularly, there is a great renewed activity. Our coal production now is 86.8 per cent of what it was before the war. Of other industries about 32 per cent are in operation again. Chemical production is 43 per cent of normal; coke industry 46 per cent; blast furnaces 20 per cent; cement production 37 per cent and construction work 42½ per cent.

Just after the armistice there were 800,000 unemployed in Belgium. Today there are less than 200,000 and these are rapidly returning to work.

This is a marvelous effort for which we must be thankful to our industrial leaders and our workers as well, who quite understand their obligations to their nation and to humankind.

Our men are working now at their trades and professions as well as they did on the battlefield. We must, and will, exercise economy and carefulness. Our population is too dense. We must import great quantities of alimentary products until our soil is producing to its fullest ex-



tent. We must and will develop our industries and the productivity of our lands. The basis of our prosperity is in our industry and we must and will restore that first of all.

It will be necessary for us to react against economic infiltration from Germany, and for that it would be well if our Allies would lend us every possible aid so that we will not be obliged to return to our pre-war trade with Germany. Already they are seeking in Germany to sell us machinery and tools which we seek over here, offering all kinds of inducements. It would be deplorable if we were compelled to go to them.

We must have increased perfection in studies in our high schools and universities to prevent German influence ever again coming into them. We are very thankful to Mr. Hoover who is responsible for a magnificent gift for the development of scientific studies in our schools. He gave to us for that purpose many million francs, what remained of the fund for the Committee for the Relief in Belgium. Mr. Hoover fed our bodies when we needed nourishment, and now he feeds our minds. Belgium is determined to go forward in all lines of human endeavor.

Gentlemen, I have answered Mr. Bedford's questions only in a brief and general way, but I believe I have in some degree informed you of the sincerity of Belgium's plans and ambitions for the advancement by close coöperation with the United States and other Allied countries of the future world commerce and industrial intercourse.

Mr. Chairman and Gentlemen, I thank you.

*The Chairman:* M. Canon-Legrand, we are all greatly encouraged and enlightened by the magnitude of what has been accomplished by your glorious country since peace was declared. It was to be expected that a country which had borne itself with such heroism during the strife of war should turn to such efficiency in the arts of peace and make the showing that you have stated, and I am sure that we of America will consider it not only an honor but a privilege and opportunity to help your further progress to the best of our ability.

As indicating the desire and the opportunity for greater coöperation between Belgium and the United States to which M. Canon-Legrand has referred, I know you will be interested in an article that has just been handed to me, which I have been asked to read:

"When the King of the Belgians arrived in New York his first visit was to the Belgian colony. In a speech there he expressed a wish for the prosperity of the Belgian colony, and to the representatives of the Belgian-American firms established in this country since the war the King expressed the desire to see them grouped together in one body. As a result of this, in consequence of the words of His Majesty, the Belgian Chamber of Commerce has been created within a few days in the United States, to be known under the name of the Belgian Chamber of Commerce of the United States of America. The King in a telegram addressed to the organization has not only congratulated Belgian business men, but has granted his patronage to the Belgian Chamber of Commerce. He will receive the body in an official session on Sunday night. The Minister of Belgium, M. De Marchienne, has accepted the honorary presidency of the organization and the Belgian Consul General to the United States, will be the Vice-President of Honor. The Belgian Chamber of Commerce is taking an active part in this International Congress and is represented here by its president, and also by its general secretary."

I know all of you gentlemen will be most interested in the establishment of this organization.

Might I take this opportunity also to read a letter sent to Mr. Bedford by Mr. Steven C. Mason, president of the National Association of Manufacturers:

*"To Mr. Alfred C. Bedford,*

*"Chairman, Executive Committee,*

*"International Trade Conference, Atlantic City.*

"MY DEAR SIR:

"I beg to extend to you, that you may, if you deem it

advisable, express to the representatives of the overseas countries who are now attending the International Trade Conference, the hearty good wishes of our organization, and further that you will express to your guests our sincere desire to co-operate in every possible way with the business object of the mission.

"To this end we offer the facilities of the Association of Manufacturers of the United States of America and particularly those of the foreign trade department in New York City and our municipality, who will be pleased to establish personal contact for your guests with manufacturers throughout the country.

"Very truly yours,

"STEVEN C. MASON,  
"President."

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Address by Sir Arthur Shirley Benn, K. B. C., M. P.

*On Great Britain.*

*The Chairman:* Sturdy old England! Who throughout the world that has been familiar with its steadfastness of character, its indomitable courage and persistence, ever doubted that in this late trouble it would see it through to the bitter end, and see it through it did; and who, in turn would doubt that with its splendid record back through the centuries, of progress, energy and courage, it would likewise quickly take up the task of reconstruction and find its way? And, so, already, despite the bitter wounds that came from the war, Great Britain is once more pressing forward to the aid of all of her late Allies and taking up the burdens which she left off throughout the war with all her colonies and all parts of her far-flung empire. I know the story of what has already been accomplished and what the tasks are that are still left to be undertaken will be of tremendous interest to you, and it could be presented in no better form than by Sir Arthur Shirley Benn, the Chairman of the British delegation, whom I now take pleasure in presenting to you.



Sir Arthur said:

*Mr. Chairman, Ladies and Gentlemen:* I have been asked to make a short address on the after-the-war international problems from an English standpoint, or I might say, from a British standpoint, for one of my committee is a Scotchman, and he very much dislikes to hear of England and not Britain.

Gentlemen, those problems will have to be dealt with, but if the Allies, who have stood together in the war, stand together in the reconstruction days, there is no doubt that they will be met and solved. To understand them from the British standpoint I wish, with your permission, to go very briefly over conditions in England before the war, during the war, and now.

In 1914 we were a commercial, industrial people. We did not believe in war and we hoped that the millenium had come; we hoped that we would no more see guns and swords, airplanes and submarines brought forth to kill men. We thought that arbitration treaties would be the future way of solving the difficulties that arose between countries. We had a good trade; we had a comparatively small national debt, some six hundred and forty millions. We were not overtaxed and we were on good terms with every country in the world.

When August came, when Germany treated her treaties as scraps of paper, when she invaded Belgium, that gallant country, there is no question as to where Great Britain stood. And in saying that may I refer for one moment to the position held by our present Ambassador from England, Lord Grey, then Sir Edward Grey, our Foreign Minister? In those days I belonged to the conservative party, although I was what they called a Tory democrat, for I had lived out here. I did not love Sir Edward Grey for his politics, but I loved him for the stand he took in connection with the war and for the stand he continued to keep during the war. Prince Lichnowsky, the then German Ambassador to London, acknowledged in his letters that Sir Edward Grey had

done everything in his power to prevent war and he said that the simplicity and honesty of Sir Edward Grey's ways secured for him the esteem even of his opponents, who were to be found rather in the sphere of home affairs than of foreign policies. Lies and intrigues are equally repugnant to him. That was the man who was our Foreign Minister and who did his duty when we found ourselves facing the Belgium invader.

Mr. Asquith, our then Prime Minister, stated at the Mansion House in London on the 9th day of November in 1914, where we stood. He said:

"We shall never sheath the sword until Belgium recovers in full all, and more than all, that she has sacrificed, and until France is adequately secured against the menace of aggression, until the rights of the small nationalities of Europe are placed upon an unassailable foundation, and until the military combination of Prussia is wholly and finally destroyed."

Those are the words of our Prime Minister. We had found ourselves. We had a small army, 250,000 men, many of them in the furthestmost parts of the Empire. We had some 200,000 reserves, and we had 250,000 Territorials, state troops, men who were learning something about military affairs and had put in some drills. Some of them, of course, were good soldiers at that time. They all proved afterward that the mettle was there and that they were true soldiers, but what was our position? We could only send a small army, so small that the Germans talked of it as a "contemptible little army." That little contemptible army knew how to fight and knew how to die. They were men awakened, righteous; they were magnificent types of what the British soldier used to be and is. Lord Kitchener knew that we had to raise an army. He was one of the few men who said that the war would certainly last four years. He called for 100,000 men. Some people said afterward, "Why did he not call for more?" The answer to that is that we had neither clothing, guns nor instructors.

I had the pleasure of addressing some of our men in

1915, who were armed with either small Japanese guns or with sticks, and who had a few score of rifles sent down for practice. That was our position. We could have got any number of men, because when you put before the people the rights and wrongs, when you showed them that they were fighting for the preservation of civilization there was no holding back. I recollect at one recruiting meeting finding two men, one of them in tears. I went up to him and said, "What is the matter?" He said, "They won't have me." I said, "Why?" "Well," he said, "I have not got a tooth in my upper jaw." Well, there was nothing much the matter with the man, and I said, "Well, how do you eat?" He said, "Give me a biscuit and I will show you I can munch it quicker than any man in the whole audience."

Well, we took him. I said I would be responsible. The next day there was a little fellow who lacked one-half inch in height, and in those days we had a good deal of red tape. He was small, but a fighter. He could run and he could jump, and I told them to take him; but one of my red tape friends who was near him heard what I said, and I turned and said to him, "Don't you think I am right?" He said, "Yes, but where the blankety blank are you going to put the accoutrements?" I always believed that small men could stand more than some of us who are big. I have told in England a little story I heard in Mobile about the difference between a big man and a small man. A very big man was representing in Congress one of the districts and he had for an opponent a very short, thin man. They had joint meetings, and at one of the meetings the very big man said, "When I look around this hall tonight and see the faces of men who have been my supporters in the past I cannot imagine that you have the slightest intention of not sending me back to Congress, and I think so all the more when I look at my friend the Judge, a most estimable gentleman, but not big enough to fill my place. In fact, I might swallow him without hurting him, and then I suppose he would still be dear in the memory of some of you."



The little man in reply said he was surprised to find his friend had not been big enough to prevent him from descending to small personalities. He said he was not going to fight with him but simply going to state, and he was sure his audience would agree with him, that if his opponent did swallow him whole without hurting him he would have a darn sight more brains in his belly than he had in his head.

Ladies and Gentlemen, to go back to the serious problem in England, over 5,000,000 men volunteered for the army and navy. During the war we sent into the army over 8,000,000 men, men who had not been trained, like in foreign countries, something about war, men who came from every walk in every class of life, the peer and the peasant, the merchant and mechanic, the man of leisure and the man of labor; they all came as they knew their duty.

Our Colonies, our Empire, or, as General Smutts says, our Commonwealth of Nations; none of them was forced to come at the call of the Motherland. Every one of them sent its money. Over a million men came from the self-governing colonies, from the dependencies, from India, and they showed the blood of our forefathers was just as strong in their veins, no matter where they lived, as if they had lived in the old Motherland.

We lost nearly a million men, and not old men, not the young unfledged youth, but nearly all men who had reached man's estate. Some three million casualties, many of them men who have been able to return to work; many of them men who have to do work to prevent them from brooding over the fact that they have been wounded in the war; many of them men that cannot work and who will have to be supported by those for whom they were wounded. We have a great task in our pensions; we have a great task in finding work for the maimed and wounded, but we are going to do it. Although our army was small, our navy was the navy of old, a navy that fought. The personnel was added to by ten times the number that was in it when the war broke

out. They protected our routes, they protected our shores, and I defy anybody to challenge me when I say that the British Navy in the days of peace has upheld the highways of the ocean for the benefit of mankind. But, Ladies and Gentlemen, it was not the navy only, but it was our mercantile marine. I have never known a vessel that refused to go out for fear of submarines, or a crew that declined, or men who declined. I have known of a case of a captain who was three times torpedoed, and when I saw him in port he said, "Oh, I have just got another ship; I am off again tomorrow," and he was perfectly delighted.

Well, as I said a few minutes ago, although we could get the men we did not have the guns and did not have the munitions, and we in England thank America for what she did for us in that way before she came herself into the war. We recognize it and we do not forget it. In 1915 when it was discovered at the front the enormous amount of munitions that were necessary, we had to turn around and start our munitions in England apart from the old army regulations and apart from Woolwich and places like that, and when the work was started the question was, how to get the necessary men to do the work. I was sent down to the Fifth Army to try and get from it skilled men. I addressed battalion after battalion. I told the men that they were only in the army to do their bit for their country and that I was instructed to tell them that if they were skilled men capable of making munitions that the bit they could do would be better done back at the workshop than in the army. But I had to promise those men that they would still be soldiers, that they would not be taken off the roster of the regiment and that when they had taught other men to take their places in the factory they would be able to go back to their regiment. That was a very interesting thing, because the better the workman the better the soldier and the officers did not want to lose them, and they did not want to go. The ones that did want to go, generally speaking, were

men who were not particularly good, either in the workshop or in the army.

Well, we got those men back, and then came the question, how are we going to get the unskilled labor? We got the youngsters, and then we got the women. The work that women did during the war would fill a history; it was perfectly magnificent. You know what your women did here. We know that ours did just as much, if not more. They came from all classes and they worked magnificently. I saw a man once in a big yard, who was very much upset at having women in his yard at first, and I said to him, "Well, what do you find?" "Well," he said, "there is one of my biggest machines, and all I can say is that that woman is getting one-and-a-half times more from it than one of my best-paid men got when he was at it."

The work that the women did went far toward winning the war. And while I always like to see a lady, I take my hat off to all of them and the work they did during the war.

We have now got to go into reconstruction. We have promised a good many things to our workmen. When those women went in and worked, when the young men went in and worked, our labor unions had been working for years and years to get privileges and regulations. That we told them had to be done away with during the war, and our men were patriotic enough to say, "All, right; brush them aside, provided when the war is over we shall have them again," and we promised they should have them, and they are going to have them. But I have not the slightest fear that those men will not recognize the conditions as they exist today and that if the regulations should lead to what they call the Caranni system, or to the reduction of output, I am confident they will not be heeded. Our men know; I have heard one of our labor society leaders state that they are now endeavoring to impress upon the men that if they get shorter hours they must do more work and must allow the use of more machinery, and I feel perfectly convinced that the common



sense of our people will justify the alteration in any rules that will prevent the extra production. We have promised those men that they will have better housing. That all means money. We were in a peculiar position. There was a shortage of houses when the war started. We used to build some eighty odd thousand houses every year; we have built virtually none during the war. We have a shortage of four hundred thousand or five hundred thousand houses, and we have a larger number of young men needing homes of their own, men who married when they were going to war and who have come back and who have got a wife and perhaps a child, who cannot go and live in one room; who must have houses, and we have a big problem to solve in getting those houses built at as early a date as possible.

We have gone in for a new education, and we realize, as you have realized, and as you have shown, that the very best thing we can do is to educate everybody in our land. Money spent in education is never money wasted.

Ladies and Gentlemen, we have also gone in for better health conditions, and we are doing our best to see that those men who fought for us, who fought for the Allies, who fought for civilization, will have a better and a brighter life to live than they would have had in olden days. If we are going to do that we have got to work, we have got to manufacture and we have got to find markets for the goods we manufacture. Some of our best customers will not be likely to take as much as they used to. Germany, with whom we had a large trade before the war, I do not think will be likely to buy very much. Some of the countries in the east will be supplied to a certain extent by countries that are lying nearer. Take for argument's sake that little isle that stood by all of us during the war, that was loyal to us, Japan. Japan is nearer to China, she is nearer to India, and the wages in Japan are much smaller than they are here or in England. I heard a gentleman from China in Paris, at a large meeting, state that the objection to the man from the East was not his color, but economic, because he could

live on so much less and could cut into our trade. Well, gentlemen, that is one of the problems that will have to be solved; but I am quite confident that we, you, and all of us will solve that question, because there is room in the world for all of us.

Well, then, take the Allies. We are all friends; we know each other. We have stood by each other during the war. I do not know if you know a description that was once given by a small boy as to what a friend was. When he was asked, his answer was, "Somebody you know very well indeed and still like." Well, I think the Allies all like each other and all mean to stand together; but the countries that have been devastated will have to be reconstructed. I have seen the devastation in Belgium; I have seen it in France; I have seen it in Italy. In England we have not had much, although we have lost a great deal more than the papers ever spoke of, by air raids. But when you look at the devastation in those countries, when you realize how wanton it was, how absolutely uncivilized it was, you cannot help feeling the deepest sympathy with the residents of those countries, and my sincere hope is that this great country of America and that those of the Allies who are able will all do their very best to see that those countries that have been devastated are put upon their feet again. They will be our customers, they will be people who will sell to us, people to whom we will sell, who will trade with us in the future, and the sooner they are reconstructed the better it will be for commerce the world over, and I am sure you will all agree with me about that.

I should like to say just one word more on the question of the British and American people. There is a tie between us, an almost indescribable tie, but when we realize that for nearly a hundred years there has never been a soldier or a guard along that long frontier between the United States and Canada, we can realize how true our friendship is. To go back to 1823, Jefferson, who could never have been said to have been very much in love with England, when asked by President Monroe what his

opinion was as to the advice which was given by Mr. Canning the British Foreign Minister, to Mr. Russeau, the American Minister in London, in regard to the Monroe Doctrine, and Mr. Canning suggested to Mr. Russeau that a doctrine such as the Monore Doctrine should be issued by America, President Monroe wrote to Mr. Jefferson and asked his opinion. I have always kept and loved his letter. I think it was of the 23d of October. In it he said: "One country more than any other can insure us in our purpose. She now offers to lead, aid, and accompany us in it. By accepting her proposition we detach her from the bans and we bring her mighty weight into the scale of free government. We emancipate at one moment a continent which would otherwise linger for years in difficulties and debts. Great Britain is the country that can do us the most harm of any or all on earth, but with her on our side we need not fear the world. It should therefore be our endeavor to cherish feelings of the closest friendship, and I know of no better way to accomplish this than by finding ourselves fighting once more side by side in a common cause."

Ladies and Gentlemen, you and we and our Allies have all been fighting side by side in the same cause, and I believe it will do more to cement the bonds of friendship that exist between us today than anything else in this world. I thank you.

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Address of Prof. Bernardo Attolico,

*On Italy.*

*The Chairman:* We always thought of her before the war as Sunny Italy, the land of sunshine, of art, and flowers, and culture and portraiture, and during this terrific struggle she has been a competitor in gallantry with her allies and associates in the war, with a record of heroism and accomplishment that has added another bril-



liant page to the history of the world. Her skies are clouded now as the result of the devastation and disaster brought by war, but with the still indomitable bravery and persistence with which she fought the way from the mountain tops down the valleys during that struggle, she is taking up the challenge of reconstruction as are the other allied countries, and making splendid progress. We are going to have the privilege now of listening to a distinguished representative of that country, Commander Professor Bernardo Attolico, Director General of Economics of the Board of Commerce of Italy, specialist in economics, and member of the Economic Council of this Conference, and Director of the Economic Bureau of the League of Nations, and a specialist on economic questions. He knows America well, and he knows well his own country and is eminently fitted to place before you a story that I know you will find of great interest. It is a pleasure to introduce Professor Bernardo Attolico.

Professor Attolico said:

*Mr. Chairman, Ladies and Gentlemen:* Italy comes last in the expose of her conditions, which, however, I am sure you appreciate, deserve very careful, and in some respects, quite special, consideration. The task which the Chairman of our Delegation, Engineer Quartieri, has entrusted to me is the following: To give you an idea of what we need, why we need it, and why it is desirable and to our mutual advantage that you should help us in meeting those needs.

What we require may be told in a few figures. But figures are not in themselves sufficiently explicit. First, let me show you the general lines of our economic structure. Italy has always been a great importer of raw materials, and an exporter of manufactured goods, together with certain products of the soil. But, even in normal times—and let me recall that at the eve of our war very few countries in Europe offered a sounder financial position than Italy—our imports exceeded our exports by a considerable amount, the balance being re-established by:

(a) Emigration; (b) The tourist trade, which represented a yearly income of about \$300,000. The destruction and compression of our commerce during the war was perhaps—as the result of inevitable causes—more violent than in any other of the principal allied countries.

The tourist trade was of course entirely paralyzed by war. Nor could Italy receive any compensation from that new and sublime form of travel to which the war gave rise, a movement whose effect in the financial field proved precious as it was valuable and decisive in the military—I refer to the expeditionary forces of our most gallant allies.

Emigration had also quite naturally to cease. We then lost the benefit of the remittances from between half a million and one million men who would in normal circumstances have left the country annually. Not only this, but numbers of our people, who were already abroad, had to return—and they came most willingly, to join in the army and fight for the common cause. This, of course, represented an additional loss to our national economy. No other country sustained a loss of this kind. Many of our exports also had necessarily to suffer from the war, being in certain cases restricted to the verge of complete suppression. As you are aware, no other country, perhaps, was so dependent on the German and Austro-Hungarian markets for the selling of their goods as Italy. This trade was wiped out altogether by the war, without any possibility of finding adequate compensation in allied or neutral markets.

Navigation during the war was always more dangerous in the Mediterranean than elsewhere. Our national tonnage—in itself very scanty—was all commandeered for war purposes, while the tonnage lent us by our Allies was hardly expected to be available for commercial purposes. This situation reacted both directly and indirectly on our export trade—directly owing to the fewer opportunities of overseas shipments; indirectly through the lesser importations of raw materials, which allowed of no surplus for export purposes. These things in themselves

were of course sufficient to cripple and in most cases to suppress our export trade. Through the lack of raw material, transport facilities, etc., the export of cotton and woolen goods which had been very flourishing, had to be practically abolished. Then again, one large group of our export had to be sacrificed altogether because we needed it ourselves. I refer to foodstuffs, such as macaroni, cheese, olive oil, early vegetables, sausages, etc., articles which used to find a very good market also in the United States. On the contrary, we had to import most of these articles which formerly we used to export. Even oranges and lemons were handicapped by transport difficulties, while owing to the exigencies of the blockade we could not extend their sale in neutral European countries.

Other articles, and very important ones, such as silks and silk manufactures, gloves, flowers, were necessarily sacrificed. Allied countries had to restrict importation of such goods as being a luxury; while for blockade reasons again we could not extend their market in Europe. Other articles were sacrificed because they were too bulky, or for other reasons, such as marbles, furniture, straw plait, frames, etc.

I say and I repeat most emphatically, no other country, relatively speaking, suffered so severely in its export trade as Italy did. I do not say this in any spirit of complaint, because we are proud of the sacrifices we made; but merely in order to point out that the greater the compression of our commerce during the war, the wider also are the margin and the possibilities of our recovery.

Let us now take a glance at the future.

Gentlemen, every man who feels the ties of citizenship to his own country is proud of it and has faith in it. Italians have long-standing traditions of national pride. Perhaps no man in the world can affirm his citizenship with greater pride than the citizen of old Rome when he qualified himself "*civis Romanus*." Italians of the younger generation to which, for a few years longer, I still belong, feel very much the same way. I may be inclined therefore to overstate Italian possibilities and resources. But



I shall try not to do so. I hope the international habit and frame of mind will assist me in this, and, at any rate, I only wish to place before you a few bare facts, which I trust will be convincing.

I must again refer to the factors of our export trade in order to show you what are its prospects.

Silk and silk manufacture rank first in order of importance. Italian silks are not cheap, but they are very good. With the raising of the blockade and the removal of other artificial barriers, they will soon find their full market again. I remember an Italian friend of mine, not very familiar with commerce, going from Paris to London on business, and wishing to buy something there for his wife, he asked for silk stockings. Those offered him at first, Japanese perhaps, did not satisfy him. He was next shown some of the French manufacture, but did not wish to buy French stockings in London and carry them back to Paris. He asked to be shown something better. The salesman apologized, explaining, "I haven't any Italian stockings."

Next, let us glance at cotton and cotton manufactures. In pre-war time we used to import over 300 million lire of raw cotton. We repaid this debt in full with the export of only 40 per cent of our manufactured products. Then there are markets of the Mediterranean Basin, with which we, more than any one, perhaps, are familiar. These are capable of great expansion. There is a great future there. We have made a specialty of certain cheap goods which are in great request in neighboring and distant markets. The same can be said for woolen goods, felt and straw hats, caps, etc. Many of the British gloves you buy in America are Italian and originally come from Naples.

The revival of normal communications throughout the world will gradually bring into the market all sorts of merchandise of which the trade has been crippled by war. Even the improvement of inland railroad communications will contribute to this end. No one has properly appreciated what a tremendous handicap the geographical

configuration of Italy has been from the point of view of railroad communications. The Adriatic was closed to navigation. Coastal sea traffic was suspended owing to the submarine menace. Our railroads, therefore, had to take over the whole burden. On top of this, the entire movement of troops and military supplies was of course concentrated in the north, and this tended automatically to cut the south off from railroad communications. Many goods were available for marketing and had just to lie where they were, and in many cases were wasted. All this is gradually setting itself right.

Our agricultural produce which, at pre-war prices, represented a yearly income of about six and a half billions, will benefit by the return to normal conditions. Grapes, early vegetables, oranges and lemons will again find their market in Central Europe. Perhaps we shall have some new markets for them; even during the war we made a few odd experiments in this direction, sending grapes by rail to England. War conditions would not allow us to follow this up, but the experiment will now be resumed.

Certain markets for certain goods—macaroni, for instance—are, of course, lost. But, believe me, they are not lost for good. Now, of course, Italian macaroni is made in the United States. But the war has taught many people, who never ate it before, to eat macaroni, and there is room in the world for spaghetti of all nationalities. Especially when freight rates level down, you will not compete with us in the European market for articles of this kind. And then, we shall turn out some new specialties and export them again to you.

It is only too true that we cannot import any more of our Chianti wine to the States. But in compensation, you will drink more orangeades than formerly, and use more of our oranges. You may even find it convenient to manufacture grape juice in Italy from Italian grapes. And then, we have plenty of good mineral waters to send you. Some of them are patriotic waters, as they belong to the Trentino, and lastly, if you still stubbornly want our

Chianti—you can take a trip to Italy and spend a few of your dollars over there!

Let us get on with our general survey. What about the tourist trade? It will not only be resumed, but extended. I wonder whether you appreciate the fact that with our new boundaries, restored to their natural limits, especially on the Trentino side, some of the most beautiful spots in the world have come back to us—places which can very well compete with the finest summer and winter resorts in Europe, and which already have quite a world clientele.

Our great national inheritance of art treasures, thanks to some legitimate restitutions which have been secured to us by the Peace Treaty, has been immensely enriched. The new provinces, especially Trento, bring with them also a most interesting contribution in the lace-making industries. And if the Trento laces become *a la mode*, gentlemen, you will have to buy them for your wives and daughters.

What about emigration? Emigration is a normal characteristic of Italian economic life. It will be resumed. If certain markets cannot receive our emigrants in great numbers there are others which will require them more than ever before. Our French colleagues can tell you that.

So far, I have spoken mainly about the old resources; but there are new ones to be reckoned with.

Just now I was talking of emigration. In the future Italy will benefit not only from our own emigrants, but also from emigrants of other nationalities. As a consequence of the war emigration from eastern Europe will certainly develop substantially and steadily. Whether the stream of emigration will go to North or South America is immaterial. Geography is there to show that once Bremen, Hamburg, and other German ports, are no longer protected by the artificial preferential tariffs which Germany was allowed to enjoy before the war. Italy is bound to become the greatest transit country in Europe for people going from east to west. The same may be said



for goods traffic in both directions. Italy, if only freedom is guaranteed, will become the great entrepot of eastern Europe.

Our own export trade will certainly take a proper share—if not a predominant share—of ex-German and Austrian commerce in the Levant. This is bound to happen.

The incredible privations which we endured during the war owing to lack of fuel have taught us the imperative necessity of developing our water-power resources. These can be more than trebled. We have already made a good start in this direction.

And it may perhaps surprise you to learn that we are not developing, but creating, water power in the south, where there is no water.

We already have an artificial lake in Muru Lucano, Basilicata, between Bari and Naples. Far bigger works, of the same kind, have been planned out for Calabria and Sardinia. You will hear more about these because we want the help of your machinery for them.

The transportation of war industries in Italy, as elsewhere, is certainly fraught with difficulties. But let me say that in this respect we now enjoy the benefits of the greater privations which, from inevitable causes, we had to endure during the war.

The acute submarine menace, longer distance, cost of freight, etc., not only prevented—generally speaking—Italy from becoming a great manufacturing emporium for the Allies, but even rendered it impossible for her fully to supply her own needs in the way of war material.

Consequently, our war factories were, comparatively speaking, less numerous than in other Allied countries. This now diminishes our difficulties of transition and transformation. On the other hand, what the war has created in Italy, can stand the test of any comparisons. I need only mention here the Ansaldo works, the Lliva, the Fla. Our automobile industry is one of the best in the world. Our chemical manufacturing industry is now able, generally speaking, to supply the entire needs of

Italy. With the necessary financial assistance, it will perhaps affirm itself on other markets. Numerous small industries have been born during the war which emancipate our country from similar industries in Germany.

What I have said, gentlemen, about Italian resources, does not imply that we do not stand in need of any help. We do need help, though only for a time, which we trust will be short.

What do we need? Foodstuffs first of all. The chief item, of course, being cereals, particularly wheat. The Italian is a very decent sort of fellow, but on one condition, that he may have his loaf and his dish of paste. Everybody, the world over, eats bread, but there is no country in which the staple diet of the people is based so pre-eminently on cereals—either in the form of bread or macaroni, polenta or minestrone—as in Italy. The consumption of cereals has increased of recent years in ratio to the decreasing availability of other supplies, such as meat, cheese, sugar, etc. Bread and paste, comparatively speaking, are much the cheapest food of all. People therefore take to them the more willingly.

This year we had a poorer wheat crop than last year. The drouth was awful. On the other hand, we expect a fall in consumption as the result of demobilization. This means that our import requirements this year will equal the actual importation of last year—that is to say, 3,000,000 tons.

Of these 3,000,000 tons, at least 2,000,000 will have to come from the United States. This is quite an exceptional quantity on the pre-war basis, but until Russia and Roumania are again in a position to give us wheat as they did before the war, we must have recourse mainly to the United States.

In a year or so things will be changed, and we may decrease this quantity by one-half. I am not going to suggest that Italy shall provide for her full requirements by extending the home cultivation of cereals. This might prove to be at the expense of more profitable crops, and

consequently a fatal mistake. But we shall certainly improve our production by intensive culture, etc.

In this regard, however, as in other cases, I deprecate any policy which, with a view to rendering each country self-supporting, would destroy foreign commerce. We should be going back to an economy a la Robinson Crusoe. This would not be progress, but retrogression; not the increasing, but the decreasing of wealth.

Next, we need frozen meat, pork products, butter and cheese, and condensed milk. All these imports are of an exceptional character. We never used to import them in any appreciable quantity, while we used to export some of them on a fairly big scale. We need to import them now as the result of the great reduction of our live stock caused by the war. The situation was most acute last year when Italy ate meat practically once a week.

Now, however, the worst is over. The recent census has revealed the astonishing fact that the number of our heads of cattle this year is actually greater than it was before the war. This has been brought about in the course of a single year by means of the very real privations which we imposed on ourselves during the last 24 months. There is, of course, still an enormous difference in the weight of our cattle, but at any rate the improved situation is indicative of that spirit of determination which we bring to the solution of our problems.

As I said before, these requirements are temporary. American goods, however, prove to be rather sticky. Once they have been introduced somewhere they remain. I am sure, therefore, that your pork products, canned meats and such goods, will make substantial progress in Italy and find permanent favor there.

Apart from food, we need from you certain raw materials, as for instance, cotton, metals and tobacco—products which we always imported from abroad.

These items do not represent any innovation and they are required for very profitable industries. The tobacco, for instance, yields to the State one billion lire per year.

There are, however, a few other products which repre-



sent new requirements dependent on new circumstances. I refer first of all to coal, and in conjunction with it, to fuel oils.

The torments and privations to which Italy was exposed during the war owing to shortage of coal constitutes one of the noblest forms of national sacrifice, and one of Italy's finest contributions—though a silent one—to victory.

Italy is a country in which the use of coal is not widely diffused. In order to reduce the consumption thereof she was thus compelled to restrict not so much its non-essential uses as those of primary necessity. Italy went short of coal for her trenches; her hospitals were often left entirely unheated.

Now, it is true, the situation has been relieved to some extent by the importation of American coal. This must continue. In pre-war time, already, we imported American coal in a limited measure. But until things settle down in England, and Germany starts to ship coal to Italy, American help must be substantial, while even that, if there is one country in which continued coal business is to be done, that country is Italy. I am sure, however, that our American friends will realize, that in order to establish permanent relations with Europe, they must bring the c. i. f. price of American coal into competition with European coals.

Parallel with coal, we require fuel oils. We need coal substitutes—sometimes even for railroad purposes—almond shells, olive stones, panels, etc. I have little doubt that fuel oil would prove a more efficacious substitute.

We also need larger supplies of timber. Although the Trentino brings with it not inconsiderable timber resources, and although we may receive some timber from Austria, we still need timber from you. Of course, other countries suffered more seriously than we did from devastation; but a quite mistaken impression seems to prevail that Italy did not suffer devastation at all, and I only wish it were a correct one.

Now, gentlemen, the consecutive logic of my argument

ought to induce me to devote a part of my address to a fervent attempt to convince you of the reasons why, in your own interest as well as in ours, you ought to help us.

Many of us, gentlemen—not myself, however, who had the privilege of meeting several of you on the other side—thought that the chief task we should have would be that of persuading you. It is highly gratifying to find that you are almost more convinced than we are ourselves. This may cost some of the labor of recasting speeches prepared in advance! But, believe me, the helpful spirit you have shown us, and the general atmosphere of sympathy which has surrounded us since our arrival in America, has deeply touched our hearts.

We all have noticed that, while you are intent on doing good, sound business, you do it with sentiment in your heart and a vision in your mind. Herein, gentlemen, lie the surest guarantee of the success of this conference.

The spectacle of private business men putting their heads and their hearts together to solve, by spontaneous coöperation, and, if necessary, sacrifice, the problem of world-reconstruction, is truly an inspiring one. It will bring about educational results, which will last forever. No government system could bring with it such benefit.

I assume, therefore, with the greatest gratification, that you are prepared to help us. Along what lines?

Long-term credits is the first answer. I am not going to enter into details on the subject. That will be done tomorrow. Only while speaking of long-term credits, let me call your attention to a point which you will certainly appreciate; that some credits must of necessity be longer than others. I refer especially to food.

America's relief work in Europe is a living monument which she had erected to humanity. This work cannot be stopped in a moment. It must come to a gradual end. If things in Russia do not take a worse turn one year ought to be sufficient to enable most of the European countries substantially to lift the abnormal pressure for foodstuffs generally now made on the United States. But,

during this year, it would be a fatal mistake not to take particular pains to help Europe's food situation.

This can be done in two ways: By granting longer terms, and by accepting for these essential commodities guarantees and collateral which you would not, perhaps, take, say for cotton.

There are other ways in which America can help Europe generally. Certain American merchandise is rendered almost inaccessible to Europe by the high cost of freights. Now America comes out of the war with a large and powerful mercantile marine. It would be a great benefit to Europe, and even to yourselves, if, through her mercantile marine, America would give the lead to a policy which would tend to lower the general cost of living all over the world.

These are the general means of helping the situation; but there are some which are peculiar to Italy. America has capital; Italy has labor. Many a happy issue can come out of the marriage of American capital and Italian labor. I have in mind also American capital joining hands with Italian labor in Italy itself. Italian capital would certainly be most eager to coöperate, and many an association of this kind might be formed. I am told that one such is already in existence.

In this connection, I think that the ideas of a distinguished countryman of yours, Mr. David Lubin, for promoting commercial relations between our two countries, are worthy of very careful consideration.

There has been much talk in America of the Mediterranean Basin as a possible field for new markets now that the downfall of Turkey has opened up large tracts of populous country which may regain their former prosperity.

Mr. Lubin pointed out that the United States, while naturally desirous of promoting their foreign trade here as elsewhere, are too far removed from the field of action, and too little acquainted with the psychology, tastes, and requirements of those populations (including those of North Africa, Asia Minor, Greece, and Italy herself) to be able successfully to conquer this trade by



the "sample trunk" mode of doing business, that is, the exportation to those countries of manufactured goods, ready-made clothing, boots and shoes, agricultural implements and machinery, and the hundred and one objects of common domestic use, such as are manufactured and sold in America and elsewhere, and which would doubtless find a market in the Mediterranean countries if properly introduced.

Italy, on the other hand, is admirably suited for the conquest of these markets; she is in a much better position to adapt her products to meet their tastes and requirements; she already has, throughout these countries, the requisite nuclei for creating trading organizations.

It would, therefore, be mutually advantageous to Italy and the United States if they were to collaborate for the development of the markets of the Mediterranean Basin. Toward this end Italy would become an industrial base for the production, on 20th century lines, of manufactured goods for sale in these markets.

Our financial experts will discuss the form of guarantees you are going to ask for your loans. You will, no doubt, examine, in order of priority, the different securities which you are willing to accept. But when speaking of guarantees and securities, please do not forget that, even in commerce, the moral guarantees are always the surest.

I have given you some idea of the future resources of Italy in the way of commercial expansion. I have shown you that the compression of our trade, having been during the war necessarily more severe than it was elsewhere, our margin of recovery is proportionately greater. That is a guarantee.

I have shown you that, in consequence of our geographical location, and the new political situation, Italy is bound to become the great entrepot for the commerce, and the natural transit station for emigration from, the Orient. That the industrial transition from war to peace is com-

paratively easier in Italy than elsewhere. Those are guarantees.

I am not going to repeat here, even in a summarized form, the enumeration of Italian resources.

I have not yet dwelt on the greatest of all resources, which consists in the number and equity of our population. Notwithstanding our 500,000 dead in the war, we possess forty million sober, thrifty, hardworking, very prolific people.

You will find Italians in all corners of the earth, under every climate, in all sorts of arts, professions and trades; changing, if necessary, their calling several times in the course of their lives, always adapting themselves to circumstances.

Several years ago, when I was in the United States, in the Emigration Service, I was asked to send for an international exhibition in Turin some evidence of the activities of Italians abroad. Do you know what I did? I got a fine collection of photographs of the finest vineyards, the highest buildings, the deepest mines, the principal railroads, and the greatest aqueducts of America. These, gentlemen, are monuments erected by Italian labor.

I have incidentally touched on the privations which Italy more than any other country endured during the war—living without coal, eating practically no meat, and the worst bread in Europe. The sacrifices we then made, gentlemen, and are still making, are a guarantee of our determination to put ourselves again on our feet. Remember that we are, after all, a young country. We had our Bisorgimento only half a century ago. At that time our government bonds, the face value of 100 lire, could only sell at 48. Before the war those same bonds sold at 106 lire.

You have seen, you know, the Italian laborer. Some of you may have some time criticized him for living here as modestly as he could, and saving his money. Gentlemen, he was repaying his country's debts. We have the habit of repaying our debts at whatever sacrifice may be necessary. That is a guarantee.

Of course, we have our domestic troubles of a social character, just like everybody else—especially at the present period of general elections—which are not, as far as I am aware, conducive to ideal peace and calm in any country. But let me tell you most emphatically that to talk of Bolshevism in Italy is sheer nonsense.

I can readily understand how American watches with concern and anxiety the internal situation of Europe. Europe is, of course, the bulwark against Bolshevism. Geographically speaking, Italy is more so than any other country. But patriotism and common sense keep out Bolshevism. The common sense of our laboring man you have already experienced. I hardly think that just now you will accuse us of not being patriotic. These qualities did keep Bolshevism out most effectually last spring when an organized effort was made to get up Bolshevik agitation. It was routed by the people themselves, and ended up in a great patriotic demonstration. This occurred at a moment of acute political and economic stress and unrest.

Gentlemen, our friendship for America is based not so much on the sentiments of the highest classes, as on the feeling of the millions of Italians who have been over here to fight the battle of life. Nothing, nothing can shake it.

But it follows, that expectations in Italy are great. The man in the street in Italy, who almost regards America as a second Mother country, would never be able to understand how it was that America could not help him. If, he argues, America has invested money in Italy for war purposes why should she hesitate to invest capital in Italy for the purpose of peace?

Gentlemen, Italy is not sufficiently known in America. You will allow me to say that you are certainly better known in Italy than Italy is over here. But, believe me, we gain on closer acquaintance. In my official capacity I have had very extensive experience with American officials, who, after all, were prominent business men. I always had their unfailing support and sympathy. I



think it is my duty, as it certainly is my pleasure, to acknowledge this with gratitude.

Gentlemen, I do not know whether, in depicting to you the Italian situation, I have been optimistic. Mine, however, is not optimism, it is confidence and faith. Those who, today, are unduly pessimistic are no more in the right than those who were pessimistic about our winning the war.

We have, as I have said, confidence and faith. Confidence in ourselves and faith in you.

## EVENING SESSION.

THURSDAY, OCTOBER 23, 8.15 O'CLOCK.

Mr. Ferguson, in the chair, said:

*Ladies and Gentlemen:* Before starting the meeting I wish to make a brief announcement in my own behalf and in behalf of the directors of the Chamber of Commerce of the United States. When we first started with the idea of holding this International Trade Conference it was neces-



ANDREW H. PHELPS.

sary that a great deal of individual work be done. We sent to Europe two gentlemen associated with the Chamber, Mr. Filene, and Mr. Miner, of Rochester. Later they were followed by Mr. Bedford and by Mr. Thomas Lamont, and later by some of the regular officials of the Chamber: First, Mr. Ben H. Lambe, and then our general secretary, Mr. Elliot H. Goodwin. After a great deal of trouble, not with our visitors, but in getting transporta-

tion for our visitors, we finally brought them over to the United States. They were met at New York by a committee of which Mr. Lewis Pierson is Chairman, and by the Chairman of our executive committee who has really been in command during this Conference, Mr. Bed-

ford. The amount of work that had to be done by all of these gentlemen was very great, but in arranging for the program of this Conference and planning the various group meetings I want to pay special tribute to the splendid and untiring work that has been done by Mr. John H. Fahey, of Boston, and I also wish to mention the splendid assistance which we received from Mr. Phelps in our New York office, and others. Gentlemen who are used to conferences of this kind, of course, appreciate that a great deal of preliminary work must be done, and I want to give my personal testimony to the splendid services of these gentlemen, and I want them to know that all of the delegates here are very much indebted to them for this work.

This afternoon, ladies and gentlemen, I had a most pleasant meeting with a group of Russian gentlemen headed by the Consul General of New York, M. Ustenoff, who came to this Conference to witness the proceedings and to be with us here, on our invitation, sent by the Russian Embassy. These gentlemen have asked me to extend to the Conference their very best and most cordial wishes for its success, and I am sure that you will all join me in the hope that at no very distant date the delegates from Russia will sit with us all and take their full share in the proceedings of international trade conferences.

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### Address of M. Eugene Schneider,

*Chairman of the French Mission; President of Creusot Works;  
President, Iron and Steel Institute of France; Former  
Member of the Chamber of Deputies.*

*The Chairman:* The first speaker of the evening is so well known to you now that he hardly needs an introduction, and all I can say is that I do not know of any man whom I had rather introduce. The President of the French Iron and Steel Institute, is a most distinguished



man, and I have no doubt that he will be the president of something in these United States if he stays here long enough. We have come to know him very well, and we not only welcome him in his own name, but we welcome him in the name of the subject of his address tonight, because ever since we were boys and our fathers and our grandfathers were boys, we have been taught to love and to revere the country which has sent him here. Since Count de Grace and Lafayette helped us in the olden days down around the Chesapeake to secure our independence, up to the present time, particularly during the last few years, we rejoice to know that nothing will ever step between France and the United States. I take pleasure in introducing M. Schneider, our good friend.

M. Schneider said:

*Mr. Chairman and Gentlemen:* In the name of the four Allied Nations that accepted your invitation to this International Trade Conference, I endeavored in my general address to give you a perspective of the economic situation of Allied Europe after the Great Victory.

It is my duty now, as Chairman of the French Mission, to present to you more definitely the particular situation in France and to sketch as precisely as possible to you the condition in which our country finds herself today, on the threshold of the new era opened to the nations of the world by the overthrow of German Imperialism.

Only a few days before the brutal aggression that turned loose over Belgium and France the Teutonic hordes, crazed with the lust of conquest, some of you, gentlemen, were gathered in Paris for the sixth International Congress of the Chambers of Commerce.

France, enjoying an exceptionally advantageous geographical position, possessing a soil that is proverbially fertile, having considerable mine wealth, big industries, a splendid colonial territory of vast size and with an almost illimitable variety of resources, nevertheless did not occupy the prominent economic place to which her possibilities seemed to destine her amongst the nations.

The conservative traditions of one of the most ancient civilizations, the antiquated bureaucratic methods, an ingrained spirit of economy and of thrift, an innate prudence and an instinctive mistrust of everything that seemed to partake of any risk, a passionate spirit of individualism, the heavy burden of the military service that German imperialism imposed upon the very prosperity of our country, checked in our people that spirit of enterprise and daring that have made the fortune of young nations.

Before the war there were knockers, who, arguing upon this basis, put forward our country as exhausted, incapable of coming back, and good only at most for pouring out its soul in the delicate expression of the fine arts.

Yet, gentlemen, this exhausted nation has just sustained for more than four years the most terrific shock which has ever yet staggered humanity. She raised seven million men, which equaled one-fifth of her population, and she has offered in sacrifice one and a half million of them.

When her richest provinces were invaded she did not despair. Deprived of her mines, of her most flourishing industries and of the industrial help of many of her people she made new factories spring up, converted her industries to war purposes, and, putting forth all her energy to the defense of her territory, was able to forge the weapons, not only for herself, but for all her Allies.

I take the freedom to recall this gigantic effort because it is indispensable to take it into account if one is to judge rightly our present situation. But I do not forget that my purpose is to tell you where we stand today, and to examine with you the condition of our chief producing forces. It is a sort of balance sheet of our national economies that I wish to present to you. And for that purpose I think it will be best to review the different chapters in which the life of our country is written, namely, mining, steel, textile and chemical industry, agriculture, transportation, colonies, and finance. This inventory makes a dry statement, as is always the case with its kind.

I ask for your indulgence, but I believe also that you are familiar and better pleased with facts and figures than with verbiage.

### OUR MINING AND STEEL INDUSTRIES.

Rich in iron ore, but somewhat lacking in coal, France had, before the war, managed to build up an iron and steel industry, not only sufficient for her needs, but leaving a surplus for export.

The mining and steel industries have been severely hit during the war, but no sooner had the armistice been signed than work began again in the devastated regions, where our plants are rapidly coming back to life. Even though the restitution of Alsace-Lorraine does not improve our coal resources, it nearly doubles the production of iron ore, pig and steel, thus enabling France to build up a considerable export trade in this line, and to assume in the world's markets the place that is her due.

In 1913 the production of the French coal mines amounted to 40 million tons. The total consumption was 63 million tons, leaving a deficit of 23 million tons, which came from Belgium, Great Britain, and Germany.

As regards coke, the pre-war situation was also unfavorable, the imports amounting to 3 million tons, about on a par with the French production.

Even before the war France was striving to develop her coal and coke industry; new coking plants had been erected and six new coal mines were to have been opened in the new Pas de Calais basin.

During the war, the production of the coal mines fell 50 per cent, the majority of the pits in the North and Pas de Calais being occupied by the enemy. They were actually the scene of the severest battles. Who does not remember the capture of the Vimy Ridge and the battles of Lens?

As I have just said, the production of coal in France fell from 40 million tons to less than 20 million, but the strenuous efforts of the mining companies and their men



raised the production to 21 million tons in 1916 and 28 million in 1917.

At the same time, France harnessed water-power in order to save coal. France is one of the richest countries in that line. Before the war we had 700,000 H. P. available. Today the figure is 1,200,000 H. P. Next year it will be one and a half million H. P. Up to now 300 million dollars have been spent in developing water-power; and during the war alone 120 million dollars were subscribed.

After the war, even with the utmost developments of water power, we shall be short of coal. When the pits are again in order, the production of France will amount to 45 or 46 million tons. Alsace-Lorraine produces about 3 million tons, but as she consumes 11 million, her return to France, instead of making the problem easier, has made it more difficult. The home needs of the country will amount to about 88 million tons. The Saar basin produces 13 million tons, which, deducing its own consumption, leaves a net surplus of 7 million tons. Under the stipulation of the Treaty of Peace, Germany is obliged to send 20 million tons every year to France to replace the production of the mines she destroyed; moreover, she must deliver to us an extra 7 million tons, which was the average amount she sold to us yearly before the war.

Up to the present we have not even received one-half of the quantities promised to us from Germany, and England has very greatly reduced her coal exports. So we find ourselves faced by an actual shortage of about 20 million tons. We shall make every effort to economize coal and develop our national resources. We shall continue the rationing of coal for household purposes, and we shall endeavor to make use in large measures of liquid fuel.

The use of fuel oil must be extended. Before the war, the use in France of the products derived from crude petroleum was limited to gasoline and lubricating oils. Fuel oil we must use in large quantities in future.

Large beds of shale exist in the vicinity of Autun. They may be exploited for the production of oil. Be-

sides, Alsace-Lorraine brings back with her the Peschelbrom district with 50,000 tons of oil per year. In the French colonies, especially in the province of Oran, oil has been discovered, and drilling has already begun there.

However, the oil resources of France are insufficient for her needs, and we shall have to import. We are making the necessary preparations. In our ports, tanks have been built with a total storage capacity of 600,000 tons. We have 4,000 railroad tank cars; we have under construction 10 tank steamers which will be added to the very small oil fleet we already possess and to the ships we hope to get from Germany. An important step has been taken by the Government to encourage the use of fuel oil, the tariff having been lowered from \$25 per ton to 80 cents.

As regards the production of iron ore, France occupied before the war the second place in the world, and her position in the steel industry was fourth.

The opening and development of the Lorraine district was due to the discovery of the Thomas process and the increase in production has been extremely rapid in the last few years. From 5 million tons in 1910 it jumped to 21 million tons in 1913. Besides, Algeria produces over 1,000,000 tons and Tunis half a million tons. This production left a surplus of 10,000,000 tons available for export.

As regards pig-iron and steel, the development of the French industry had been rapid, the increase between 1900 and 1913 being 87 per cent for pig-iron and 150 per cent for steel. The domestic consumption had increased in a similar manner, but there was a surplus left for export.

Early in the war, France was deprived of the whole Lorraine district. Eighty-three per cent of her total production of iron ore passed into occupied territory and 9 per cent into the battle zone. Production fell to two and one-half per cent at the time of the first battle of the Marne, but rose afterward to  $7\frac{1}{2}$  per cent in 1916 and to about 10 per cent in 1917.

The situation of the steel industry was similar; 81 per cent of the blast furnaces and 65 per cent of the steel works were in the invaded zone or actually under fire. However, the French industry got to work and during the war, blast furnaces of an aggregate capacity of 620,000 tons, and converters or open hearth furnaces of a capacity of over one and one-half million tons were erected.

Enormous plants for the production of war equipment were built, and France was then able to supply a certain quantity of war material to the Allies, beside taking care of the needs of her own army. The total value of the equipment we furnished to the Allied and Associated Powers has amounted to nearly one billion dollars.

Victory gives us back the whole of the Lorraine iron ore districts, including that which had been held since 1870 under German domination. Our production of iron ore will rise to about 45 million tons, of which we shall be able to export 17 million tons. The pig-iron production will increase to about 9 million tons, leaving about one and one-quarter million tons for export. Steel production will run over 8 million tons, of which more than one-quarter will have to be sold abroad.

France, after the war, will take second place in the list of the world's steel countries, following immediately behind the United States.

Her engineering industry will follow the lead of the steel industry and will get ready for export business. Plans have already been laid and steps are already being taken for capturing the markets which were formerly in the hands of her enemies. France does not want to compete with her Allies in the foreign markets, but she wants to supersede Germany in the countries where German industry had the lead before the war.

#### OUR TEXTILES.

I wish now to say a few words about our textile industries. The excellent quality and fine designs of our silk goods are appreciated all over the world, and America, as well as Europe, is acquainted with our firms in Lyons.



Our silk exports before the war easily reached 100 million dollars a year.

In the woolen business our mills possessed 11 per cent of the total number of looms in the whole world employed for this material. We were deprived of most of them during the war, as our factories at Roubaix, Tourcoing and Sedan were under German control. We had 2,600,000 spindles. We are now replacing those that have been broken or stolen, and we have fitted up 100,000 new spindles during the war. Alsace is bringing up 500,000 spindles, and if we can obtain sufficient raw material, I am convinced that we shall be able to export double our pre-war amount that is, more than 18,000 tons of woolen stuffs per annum. I will only barely mention other textiles, such as linen, hemp and jute stuffs, the export balance of which amounted to 50 million dollars before the war and which certainly will increase now.

But when I say that these industries will rapidly outgrow our own requirements, I surely do not mean that American help is not required for them. When you have linen or dresses to buy, come to us; we shall be proud to satisfy the taste of your wives and daughters, who appreciate our models and thus you will help to give employment to hundreds of thousands of our people.

I now come to cotton which deserves a special chapter in this statement, as you are the largest cotton growers in the world.

Although we are beginning to grow cotton in Algeria and in our African colonies, most of our supplies come from the United States and our requirements amount to over one million bales of American cotton per annum.

In 1914 the cotton industry in France numbered 7,400,000 spindles and 140,000 looms, and employed 300,000 operatives.

Mobilization deprived the mills of the overseers and skilled workers, such as spinners and sizers, and it also prevented transport of fuel and raw materials. The Hun invasion rapidly gained the whole north of France, bringing to a stop all the country round Lille, Roubaix, Tour-

coing, Armentieres, with its 1,100,000 spindles and 20,000 looms.

From October, 1914, the other districts, and especially Normandy, pushed their production in order to provide for military requirements, the domestic and export business consequently suffering considerable injury.

Now, with Alsace, our country can add one million spindles and 45,000 looms to the former number. This well-conducted industry, with first-class machinery for bleaching and printing, will enable us to double our exports, carrying them from 46,000 tons to 92,000 tons.

In the district of Lille, after having recovered or replaced their machinery, our mills are gradually resuming their work with splendid spirit.

Three hundred thousand workers of both sexes are employed in the cotton spinning and weaving mills in France, but this number rises to more than 1,200,000 if one includes bleaching, dyeing, hosiery and the manufacture of garments; the cotton industry may thus be considered as one of the largest and most important in France.

The eight-hour day has been applied without serious difficulties and the production will not be much affected thereby when the proper measures are completed.

In fact, the cotton industry in France is hard at work, and with the aid of Alsace, hopes to contribute considerably to the wealth of the country.

#### THE CHEMICAL INDUSTRY.

France possessed a well-established chemical industry before the war. It amply sufficed for her domestic requirements, and she was able to export large quantities of caustic soda, soda ash, raw glycerine, fertilizers, tartar products, glues and other chemicals.

In order to give an indication of the size of the chemical industry in France, I will take as a basis of comparison the production of sulphuric acid, a production which is generally considered an index to chemical activity. In 1913, the various countries contributed to the total output of the world in the following proportion:

|                      |              |
|----------------------|--------------|
| United States.....   | 35 per cent. |
| Germany.....         | 17 per cent. |
| Great Britain.....   | 16 per cent. |
| France.....          | 13 per cent. |
| Other countries..... | 19 per cent. |

Considering the population of France and her area, her rank as fourth, and the percentage she produced, show clearly that she was one of the vigorous nations in this branch of industry.

In the manufacture of the lighter and finer chemicals, the position of France could be compared with that of America; there was a development adequate to the domestic demand, and the industry was on a modern plane. The only branches that were lacking were those in which Germany controlled the raw materials, or which were connected with the aniline dyes and which owing to the operations of the German Trust, had become a German monopoly. In these branches the French chemical industry has not yet become self-sufficing. Their importance cannot be minimized. The coal-tar derivatives constitute the nucleus of the most modern branches of the chemical industry.

During the war the French chemical industry acquired a large development through military requirements. The expansion of the industry was not relatively so great in France as in America, largely on account of the fact that in France there was a lack of labor owing to the big demand of the war for man power for the fighting services. Notwithstanding this fact, it is noteworthy that the production of sulphuric acid was increased threefold in France during the period 1914-1918, whereas in the United States the production was only doubled. France attained this result even though her plants in the North became unavailable for national production, owing to the invasion of that territory.

French agricultural needs will absorb a large part of the increased production. For the rest, France may count upon a certain export business in the same way as she did



before the war. Her production of nitrates, cyanide, calcium carbide, chlorine and its products, as well as of pharmaceutical and photographic products has been very considerably increased.

Between the French and the American chemical industries a useful collaboration can perhaps be realized by an exchange of the excess products of each, between the manufacturers of the two countries. A discussion on this ground would prove interesting.

#### AGRICULTURE AND FOODSTUFFS.

I now touch upon a topic which will not fail to interest you all, gentlemen, because it deals with the basis of life: I mean foodstuffs.

France, before the war, enjoyed from the food production point of view an enviable position, due to her fertile soil, her mild climate and the quality of her peasants. She found within her own boundaries a great part of the necessary foodstuffs.

A few figures will illustrate this. In 1912 we imported only 6 per cent of our wheat, less than 3 per cent of our oats (which came from our colonies), hardly any sugar was needed, and as regards meat only a few special preparations.

This situation has been completely altered by the war. Our mobilization withdrew from the farms all our young and middle-aged men. And the richest part of our territory, which produced the greater part of our sugar and important part of our cereals, was invaded at the beginning of the war and devastated.

The area of cultivated land between 1913 and 1917 fell from about 16 million acres to 10½ million under wheat, from 10 million acres to 7 million under oats, and from 620,000 acres to less than 200,000 under sugar beets.

Most of our sugar factories having been in the North of France were taken away from us at the beginning of the war, those remaining under operation being consequently reduced to 64 out of a total of 206.

By the help of women and of children and of men over

52 years of age, who were not called to the Army, the land was cultivated thoroughly notwithstanding the war. Indeed in the harvest of 1918 the crops of wheat were 10 per cent better than in the year before the war. The improvement did not take place in the land under oats, but it occurred in the best crop and amounted to about the same percentage.

Owing to the tremendous consumption of meat by the armies, owing also to our losses by invasion, and owing further to lack of agricultural labor, our reserves of meat, or in other words our cattle, have decreased considerably. This has entailed a considerable importation of meat; whereas before the war we imported no fresh nor cold-storage meat, the figures for the last year were 34,000 tons, while as regards canned meats, the increase has been from 550 tons in 1913 to 48,000 last year.

What is going to be the situation in the years to come? Very important purchases will have to be made. It is true that the North of France has been returned to us, but we still have to make that devastated territory fertile again. Farms must be rebuilt. Labor, machinery and fertilizers have to be taken there, and this work of reconstruction is not confined to the devastated area, but extends over a large part of France. Everywhere the introduction of agricultural machinery is being urgently undertaken in order to replace the labor that was lost by hundreds of thousands in defense of the country and the liberty of the world.

Owing to the reduced areas under cultivation, we have been obliged to make large purchases of foodstuffs abroad. Our needs are covered until the end of this year, but we still have to buy the following quantities in order to carry on from the beginning of 1920 until about this date next year:

|                               | <i>Tons.</i> |
|-------------------------------|--------------|
| Wheat .....                   | 1,000,000    |
| Oats .....                    | 200,000      |
| Sugar .....                   | 100,000      |
| Condensed milk .....          | 600,000      |
| Meats and meat products ..... | 25,000       |

The different items amount approximately to 150 million dollars and will be purchased on the most advantageous terms offered in different parts of the world.

#### TRANSPORTATION.

Up to the present, I have so far put before you the conditions of France with regard to materials and products which we either consume or produce. I come now to the question of shipping them and transporting them, and of the means at our disposal for that purpose.

Before the war our ocean freight was carried by a fleet representing about two and one-half million tons gross, under the French flag and by a certain amount of foreign tonnage.

Within our own country, the means of transportation were well developed, having been constantly increased and maintained adequate to the needs. They comprised 375,000 miles of well-surfaced highways, 3,000 miles of canals; 4,250 miles of navigable rivers, and 32,000 miles of railroads.

I should like to sketch briefly for you what that system of communication has had to sustain during the war, reminding you that we had to cope with the needs of transportation of four Allied armies.

In the Army zones the highways carried millions of men with their artillery, motor-trucks, horse vehicles of every description and automobiles. At certain times, the number of motor-trucks on our roads amounted to 200,000; there were days when 6,000 trucks passed the same point on a single road. It is not surprising, therefore, that an army of some 80,000 men had to be employed for the handling of road-making material, of which the total quantity used during the war reached nearly 28 million tons.

The utilization of the canals and navigable rivers had remarkable results, although our system in the North, which is the most important of all, was in the hands of the enemy. For instance, the traffic on the river Seine,



which amounted only to 3 million tons in 1914, exceeded 7 million tons in 1918.

Our railroads have had to deal with the greater part of the freight and troops transportation, not only toward the Allied front in France, but also toward Italy and the fronts in the Orient.

As an example of what has been done, it may be sufficient to indicate that the freight moved from our ports by rail increased from 32 million tons in 1913 to 52 million in 1916 and considerably more in the two later years of the war.

As showing what has been accomplished since the armistice, I may mention that of our 3,500 miles of railroad, that had to be rebuilt since last November, 3,300 miles had been completed by September the 15th, this year. Eight-tenths of the waterways that had been destroyed were open to traffic on the same date. The highways had been rebuilt in the same proportion.

So far as shipping is concerned, we had many sacrifices to make during the war. The ruthless submarine campaign caused us many losses, which we were not able to replace, because our shipyards had been turned into shops for the production of war material for the armies of our Allies as well as for ourselves. However, by purchases abroad we have already succeeded in raising our tonnage to the pre-war figure of two and one-half million tons, but we must state that this has had to be accomplished largely by the acquisition of rather old ships, which leave our merchant fleet in a deteriorated condition. We intend to raise our shipping to at least 6 million tons gross. You can give us considerable assistance in this line, either by the construction of new vessels or by giving us your support in having an appreciable quantity of tonnage awarded to us from German sources.

Before leaving this matter of transportation, I should like to draw your attention to the geographical location of France in regard to traffic coming from the New World to Central and Southern Europe. For instance, the ocean freight reaching French ports in transit for

Switzerland had already attained a total of 800,000 tons a year. We look forward to a considerable increase of passenger traffic as well as of freight diverted from German ports. Docks are being enlarged and numerous piers for large ships have already been constructed. Machinery for handling freight is being installed in larger quantities and of the most modern design, with a view to reducing the terminal cost.

#### COMMERCE.

Intimately tied up with the reconstruction of that stricken region which formerly throbbed with industry, is the restoration of our former commercial position.

We have examined the effects of the war upon the leading branches of our entire effort. Our national defense meant a sacrifice of our industrial and commercial interest, that cannot yet be valued in full. One indication of it is the decrease in the export trade of France during the war.

If you compare the statistics of 1913 with those of 1918 you will see that our imports have trebled, whilst, as our luxury industries have stopped working and the plants that manufactured other articles have been converted into war factories, our exports decreased 40 per cent.

Our imports always exceed our exports, but the equilibrium of our commercial balance was restored largely through the thrifty qualities of the French people, who had steadily amassed considerable savings, which, they did not hesitate to invest abroad. France has always been accounted a wealthy nation, and all the world has known that she reaped a large income from her foreign investments.

Our manufactured products were 67 per cent of our total exports in 1914, when our exports reached about 900 million dollars, but in 1916, the total went down to about 800 million dollars and they recovered only very little.

|                        |                 |
|------------------------|-----------------|
| <i>In</i>              |                 |
| 1914 they were.....    | \$1,280,000,000 |
| 1915 they reached..... | 2,200,000,000   |
| 1916 .....             | 3,000,000,000   |
| 1917 .....             | 3,200,000,000   |
| 1918 .....             | 3,800,000,000   |

Our industry, entirely given up to our immediate needs could no longer produce anything to be exported. Our farmers were in the trenches. This compelled France to appeal to foreign countries, not only to complete her agricultural production, which was sufficient when harvest was normal, but also to obtain raw materials required for war purposes.

A long time is needed to transform war factories into peace factories, and to reconquer the markets which were lost during the war. In order to re-establish the balance of the foreign commerce, which had been stopped by the need of national defence, France has energetically resumed work.

The statistics for the first months in 1919 compared with those for 1918, for the same period, show that the foreign trade of France has obviously improved, as in the first seven months of 1919 our exports of manufactured products reached a figure which allows us to hope that the exports of 1919 will be double those of 1918.

#### THE FRENCH COLONIES.

The picture I have just drawn of the French Nation would be incomplete if I did not make a rapid sketch of the possibilities of the French Colonies.

Their surface is ten times greater than that of France herself. Their undeveloped wealth is enormous. Nearest to us lies North Africa; that is Algeria, Tunis and Morocco. These countries at the time of the Roman Empire were called the granary of Rome. In a few years they will be the granary of France. Northern Africa produces not only wheat but fruit, wine and cattle. Cotton can be cultivated there. Her mineral wealth is considerable, large deposits of iron ore, zinc, lead and phos-



phates are under development. Even oil has been struck there.

The trade of Northern Africa is increasing year by year. It amounts to more than 500 million dollars. Morocco's trade alone rose from 35 million dollars in 1918 to more than 77 million dollars in 1919.

Farming on an extended scale can be practiced there, and the use of modern agricultural machinery will be of the greatest benefit to the development of our Colonies. Algeria, one of the oldest, has more than 3,500 miles of highways and 2,000 miles of railroads, while Morocco has only 450 miles of narrow-gauge railroad under control of the military service. A new system of railroad about 600 miles long, is under construction.

Harbors must be developed on similar lines. For Algiers a sum of 20 million dollars has been provided. The construction of the port of Casablanca, capable of handling one and a half million tons of shipping is being rapidly pushed ahead. Other ports, such as Bougie, Kemtra, Mazagran, Mogador and Agadir have been improved.

These few facts will enable you to understand the possibilities of our colonial territory which includes besides North Africa prosperous countries like West and Central Africa, Indo-China, Madagascar, and the French Islands of the Antilles and the Pacific.

These colonies will send wheat, vegetables, oils, lumber, cotton, and ores to France and in return will get manufactured products.

The opening of these countries is of very great importance to France and French American co-operation in that line would probably give most excellent results.

#### FINANCE.

Tomorrow morning my colleague Baron du Marais, Vice-President of the French Mission, will lay before you a survey of the financial situation of France, and he will tell you, gentlemen, of the efforts which have al-

ready been made and those which are going to be made. He will deal also with the exceedingly difficult problem of the International money exchange, which we regard as the most important matter to be dealt with at this Conference and which will govern the trade relations between you and ourselves. I will content myself therefore at this time by mentioning that during the course of this year the savings banks deposits have continued to increase month by month and that, during the first half of this year, the existing taxes produced more than 200 million dollars in excess of the estimate. These two facts are signal evidence of returning prosperity.

#### CONCLUSION.

That brings me to the end of my statement of the principal factors in our economic activity today. I apologize for having been so long and so monotonous, and I thank you for the patient way in which you have listened to me. But patience can be imprudent, for I have to ask you to maintain it still for a few minutes.

I have spoken to you of our material situation. You have been able to see that the material elements of a prosperous future are not lacking. French soil, French earth, our Colonial territory are endowed with resources still unexploited and with almost infinite possibilities. It is clear to every close observer that France and her Colonies can yield riches in greater abundance than ever before.

The question now is can the French race take proper advantage of the country it lives in? I mention this question, because I know that there are people who ask it.

But I call your attention at once to the fact, in case you have not yourselves noted it, that those who state today that France is at the end of her strength, that she is exhausted by war, and that she will not recover, are those very people who shouted in 1914 that our defeat was inevitable, and who predicted that at the end of three months' fighting the French people, discouraged, would accept a dishonorable peace.

Those people are answered today by the facts themselves. It has not been only in the military sphere that we have risen to the circumstances. You have seen how our steel industry, our mining, our chemical and textile industries have faced misfortune and prepared to resume their place in the world.

The reconstruction of our devastated regions is today in full swing. It has taken many months to make the necessary inventory, to measure up the enormous size of the task to be able to make sure what was really wanted under these extraordinary circumstances and then to find the best means of giving the necessary help.

During that early period of reconstruction complaints were numerous, for the French are of a race of grumblers well typified by the "Grognarde" of Napoleon. Since the days of Julius Cæsar they have been unable to render themselves absolutely satisfied. Today the machine is working; trains loaded with materials of all kinds are running continuously toward the North. Complaints are less noisy and fewer and fewer. It will be the same with the devastated parts of the country as it was during the war, when some part or other of the front had been burst open by the enemy. An urgent demand would be made for reinforcements; one day, two days, three days, might elapse without bringing help demanded. That was when the man of weak spirit would think he was utterly lost. But on the fourth day a regiment would appear, and from that very minute, without interruption, by rail or by truck, would come the reinforcements. Time had been necessary to set the enormous organization going, but once again the situation would be saved.

At the time of the armistice we had 1,400 miles of railroads to rebuild and by September the 1st, of this year we had completed 1,250 of the total. We had 1,160 bridges, tunnels and viaducts of one sort and another to rebuild, and by September 1, last, we had already completed 588. Of 670 miles of navigable waterways to be repaired we had already finished 450 miles at that same



date. Out of 550,000 buildings destroyed or damaged by the war, we had repaired 60,000 by the beginning of last month, put up over 16,000 huts and begun the construction of 60,000 new homes. We have cleaned up shells over an area of 1,500 square miles, and have filled in nearly 80 million cubic yards of trenches. We have sent back 991,000 refugees, opened 5,000 schools and re-organized 3,872 civic communities.

That, gentlemen, is the reply to those who believe that we are standing with folded arms.

Some of our American friends have left France under the impression that we had a backward administration and that red tape was entangling us. We recognize whatever truth may lie in those contentions.

I wish we could review together the program of the many political leagues which have been founded since the soldiers returned home. Everyone of them demands the administrative reform of France, the upsetting of old routine, the application of efficiency to Government matters, the rational exploitation of our national resources, a harmonization of legislative and executive powers, the decentralization and economic autonomy of the great regional interests of the country, the carrying out of a vast plan of public works, more air, more freedom, and more initiative. Such are, from one end to the other of the country demands of the new generation. All these schemes, which have been slumbering for such a long time, have been stirred up by the war. You can hardly realize how keen these young men are to stretch out and play their part in commercial and industrial business, where once upon a time they would have been pleased with the sedentary career of an office. So much is this the case that those who consider themselves the trustees of our intellectual traditions have become alarmed about it. Four hundred young demobilized professors have declined to offer to resume their teaching, and have taken situations in manufacturing or commercial business.

It can be safely said that France desires strongly and earnestly to start a new life. We are going to see that

desire expressed in the coming elections, and the new Parliament will have to carry it out. The variety of novel opinions expressed, and even social manifestations that we have witnessed, must be taken as proof of the overwhelming activity of a nation eager to reshape herself, to produce, to hold her place and look toward a new ideal.

At the opening of the Committee meetings here, the distinguished Chairman, Mr. A. C. Bedford, asked whether Bolshevism were threatening us and whether labor troubles were likely to compromise the safety and security of our business and commercial relations. I can reassure him in that respect. It is true we have not been free of labor troubles. We experienced them even before many others did, and at a time when we were particularly sensitive to them. But perhaps also that is the reason why today we are further ahead than the others are. The crisis was reached between last May and July, but common sense and moderation prevailed. The Union of Steel Workers, and then our General Labor Federation assembled in Lyons in September, have both repudiated the agitators who sought to lead them on the road to Bolshevism. The International strike, called for the 21st of July, failed completely and it failed in France because the workers refused to follow the extremists.

Those same men, who devoted all their energy without stint to the work of the war, without regard to the hour or the day or the night, never taking into account the abnormal effort, ignorant during these four years of the meaning of rest, have merely changed the aim of their efforts. They are not going to rest until they are dead, if necessary, to save France in Peace as they helped to save her in War.

Gentlemen, you can have confidence in us. We are able to live. We desire to live. Help us to get out as quickly as possible from the difficult period we are now passing through. Help us to re-establish our commercial balance and to restore the normal exchange rate of

our money, and you will see the old tree of France bringing forth new blossoms and new fruit.

*The Chairman:* Ladies and gentlemen, I am sure I have voiced your feelings when I extend our very cordial thanks and appreciation for the splendid presentation which has been given us by M. Schneider.

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### Address of Mr. Dwight W. Morrow

*of J. P. Morgan & Company, New York,  
on the Problems of International Credits.*

*The Chairman:* We have one other speaker this evening, who represents one of the great banking firms in the United States. Early in the war, in Europe, before the United States had gotten into the war, the house of J. P. Morgan & Company became known to every newspaper reader in the United States as the outstanding financial institution which was assisting in every proper way in the financing of our European Allies—not yet our Allies—and of purchasing in this country in hitherto unknown quantities vast amounts of raw materials required by them. The work which this house did stands out, I think, as an example of what tremendous service, and unselfish service, too, can be rendered by a large international banking house in such circumstances. With regard to purchases in this country, of course, you are all familiar with the work done by Mr. Stettinius. All of the members of this firm did splendid work. The gentleman who will address you this evening was in Europe during 1918 as a member of the Allied Transport Council, and assisted in the performance of one of the most difficult jobs of the entire war. It gives me great pleasure to introduce to you as our next speaker Mr. Dwight W. Morrow.

Mr. Morrow spoke as follows:

The problem of international credits is now being discussed by people in all lines of activity—by government officials, by legislators, by leaders of labor, by economists,



by merchants, by manufacturers and bankers. The world has gone through four years of unprecedented destruction. It is now getting its bearings for a fresh start. Many men have many answers to the pressing problems of international trade. Many of the facts which underlie the problem are still obscure. Many of the facts are complex and cannot be grasped quickly. There are some facts, however, that are clear. Perhaps it would be well to start with those facts. It will be easier to develop those things upon which we disagree if we first grasp the facts upon which all must agree.

The merchandise exports from the United States to all countries, as shown by the official publications of the Government, for the past ten fiscal years—that is, the years ended June 30, were as follows:

|           |                 |
|-----------|-----------------|
| 1910..... | \$1,744,984,720 |
| 1911..... | 2,049,320,199   |
| 1912..... | 2,204,322,409   |
| 1913..... | 2,465,884,149   |
| 1914..... | 2,364,579,148   |
| 1915..... | 2,768,589,340   |
| 1916..... | 4,333,658,865   |
| 1917..... | 6,290,048,394   |
| 1918..... | 5,919,711,371   |
| 1919..... | 7,225,084,257   |

It is not, however, the gross amount of our exports, but the export balance which vitally concerns those who are studying the problem of international credits. By the export balance, we mean the excess of exports over imports. The figures for each of the same fiscal years are as follows:

|           |                |
|-----------|----------------|
| 1910..... | \$ 188,037,290 |
| 1911..... | 522,094,094    |
| 1912..... | 551,057,475    |
| 1913..... | 652,875,915    |
| 1914..... | 470,653,491    |
| 1915..... | 1,094,419,600  |
| 1916..... | 2,135,599,375  |
| 1917..... | 3,630,693,209  |
| 1918..... | 2,974,055,968  |
| 1919..... | 4,129,207,675  |

These figures represent the balance of *merchandise* exports only. In forming any conclusions as to the balance of trade we must, however, reckon also with what are called the invisible items. Our merchandise exports from this country might be greatly in excess of our merchandise imports and there might still be no necessity for foreign countries to ship gold to us. The debt to us created by such merchandise excess might be offset by the interest and dividends on American securities held in foreign countries, by the payment of the principal of maturing indebtedness, by the repurchase from foreigners of American securities, by the expenditures of American tourists in foreign countries, by the payment of freight charges to foreign ship owners, by the remittances of foreigners resident in the United States to foreign countries, and by other similar items. The fundamental fact remains, however, that when all of the items—visible and invisible—are taken into account the balance must be paid in gold or its payment must be postponed by the extension of credit.

The history of the last five years illustrates very clearly the relation of the export balance to international credits. The excess of merchandise exports from the United States over imports into the United States from July 1, 1914 to June 30, 1919, amounted approximately to \$13,964,000,000. We know that during the same period there were also net exports from the United States of about \$382,000,000 of silver. This made an export balance in five years of the enormous total of \$14,346,000,000. How was it settled? Approximately \$994,000,000 was paid by net imports of gold. Approximately \$11,702,000,000 was covered by credits. Of this amount \$9,102,000,000 was loaned by the United States Government to foreign governments and approximately \$2,600,000,000 was loaned by the people of the United States to foreign governments or to private enterprises abroad. This leaves unaccounted for approximately \$1,650,000,000 as the amount *apparently* settled by invisible items. I use the word "apparently" because I think the invisible items in

those four years amounted to much more than \$1,650,000,000. For we must remember that the official reports of our exports do not include exports on Government account. During the period of our participation in the war our Government exported great quantities of goods not only for its own use but also for sale to its Allies. If these unrecorded merchandise exports were added to the recorded exports, the net result would be that the balance that must have been settled by invisible items would be greater than I have indicated, by the amount of our Government's exports sold to its Allies.

Different men with different outlooks upon life will draw varying conclusions from the foregoing facts. But there are some conclusions upon which I think most of us will be in substantial agreement. Surely no one believes that we can continue indefinitely piling up an export balance of \$4,000,000,000 a year. Yet it is a fact, that with the war over, the excess of exports over imports for the first eight months of the current calendar year was \$3,012,000,000 as compared with \$1,947,000,000 for the same period in 1918. These are startling figures! They indicate that the first demand upon America for the goods required by a world endeavoring to put itself back upon a peace footing is fully as great as the demand which the war itself made. I believe, however, that the turn will soon come, if it has not already come. I believe that the exports from the United States to Europe must gradually diminish and that the imports into this country from Europe must gradually increase. Neither of these results should be deplored. The world will be better off when the wheat fields of Rumania and of Russia are made productive again for the people of Europe, and this country will be better off as a part of that improved world. Moreover, at a time when we are complaining of the high cost of living we should welcome an increase in our imports of those things that Europe can make for us better than we can make for ourselves.

The net result of the gradual decrease in our exports and the gradual increase in our imports must be that the



balance of trade in favor of this country will gradually decrease. It is of importance to America as well as to Europe that this decrease should come gradually rather than abruptly. At the present time it is vital to the people abroad to secure foodstuffs and other necessities from America. It is also most important to America to furnish those necessities unless we are prepared for a violent change in industrial conditions. But if the decrease in our export balance is to be gradual and not abrupt, it means that for some time to come there will be a substantial export balance to be settled in gold or covered by foreign credits. We can rely upon further importation of gold only to a limited extent. That is why we are all studying this problem of international credits.

I hesitate even to guess as to the total amounts of foreign credits that will be required in the coming months. We know that the imports from Europe are now increasing from month to month, rising from \$21,800,000 in January of this year to \$66,900,000 in August. In no one of these months, however, have our exports to Europe been less than \$370,000,000 and in no month has the excess of exports over imports been less than \$340,000,000. The excess of our exports over imports taking into account all countries of the world, amounted in July of the present year, to \$226,000,000 and in August to \$339,000,000. Our exports to Europe, however, exceeded our imports from Europe in July by \$347,000,000 and in August by \$350,000,000. If we assume that Europe can reduce her purchases from the United States progressively by \$10,000,000 each month and can also increase her sales to the United States progressively by \$10,000,000 each month, the merchandise export balance in favor of the United States for the fiscal year ending June 30, 1920, will amount approximately to \$3,100,000,000.

How will this balance be settled? No one can say what amount of securities still held abroad will be sold in our markets in the months to come, or how much money will be remitted by people in the United States to people in Europe, or how much of the indemnities payable by Ger-

many and Austria will be available for England, France, Italy, Belgium and other European countries to use in the United States. Nor can anyone tell how much the invisible items operating in favor of the European countries will be offset by like invisible items operating in favor of the United States. Let us assume, however, that the net invisible items in favor of Europe will amount to \$1,100,000,000 by next summer. This would leave \$2,000,000,000 to be settled during the present fiscal year by imports of gold or the extension of credit. By the extension of credit I mean not only direct loans to European countries, but also permanent investments in the property or business enterprises of foreign countries. The low rates of exchange make it profitable for foreign business men to sell interests in their business to American capital and likewise profitable for owners of American capital to make investments in foreign businesses. Investments of this kind in ordinary times in small amounts might be classed with the invisible items. For the purpose of this discussion I am considering it an extension of credit, whether the party making the investment abroad takes for his investment an obligation paying a fixed rate of interest or an interest in a business which will pay a rate of return dependent upon the profits.

Lest I may be misunderstood, I want to say again that this estimate of \$2,000,000,000 can be at best but a guess. The one thing I want to make clear is that it will take a substantial reduction in our exports and a substantial increase in our imports to bring the amount of our merchandise export balance with Europe down to \$3,100,000,000 and that it will take a substantial amount of invisible items to bring the final balance which must be settled by imports of gold or the extension of credit down to \$2,000,000,000 for the fiscal year ending June 30, 1920. As exchange rates drop there will be more and more of a tendency for the foreign countries to compress their demands upon American markets. The result may be to accelerate the decrease in our exports and accelerate the increase in our imports, thus reducing the amount below

\$2,000,000,000. It should be noted also, that our merchandise trade balance is much more favorable to us with Europe alone than it is with all the countries of the world. In other words, while we are creating a credit balance against Europe for goods exported to her, we are, on the other hand, going in debt to the rest of the world for goods imported from it. This debt of ours to the rest of the world may well be availed of by Europe in settling a portion of her indebtedness to us.

So far I have dealt with the amount of credits that this country might reasonably be called upon to furnish to Europe. Now, how are these credits in practice furnished? The simplest way for a foreign credit to be extended would be for the individual seller in this country to give credit to the individual buyer abroad. The manufacturer who is sending his goods abroad might take the promise of his customer to pay for those articles at some future date instead of demanding cash. Why does he not do it? For the very simple reason that he is like every other member of the community. He has available for investment only his profits or savings. After he has invested his own savings in a foreign credit he must look about for some other person who has savings and get that person to buy from him his foreign customer's promises to pay. If he cannot find such a person he must quit selling to foreigners.

It is most difficult, however, for a manufacturer to find the person with savings. The manufacturer cannot stop running his plant to look for the man with savings. The man with savings may live very far from the door of the manufacturer. In fact, the man with savings lives not only in the large cities but in a thousand little hamlets and upon thousands of farms all over the United States. The manufacturer, therefore, needs the co-operation of an investment banker—perhaps of a thousand bankers whom he has never seen and whose names he does not even know. It is the function of the investment banker to find this man with savings and to find the people who desire and are deserving of credit, and to get the former



to extend the credit to the latter. In a sense, the international bankers gather up a thousand little rivulets of capital into one large stream and thereby arrange for the postponement of the settlement of a trade balance.

Can the people of this country invest \$2,000,000,000 in foreign obligations and properties in a single year? That, to my mind, involves two distinct questions: First, will the people of this country have that much capital to lend? Second, will they be able to find people in Europe to whom they are willing to lend it?

The first question is fundamentally a question of our own ability to produce and to save. The central figure in that part of the problem is not the manufacturer as such, nor the producer of raw material as such, nor the banker as such, but the man who saves. I should like to suggest the bearing of the high cost of living upon this whole problem of savings. I should like to touch upon the important question as to what difference, if any, the remarkable change in our international position should make in our tariff policy. But this is not the time or place to go into those questions. The one fundamental thought that we must hold on to is that while there will be many minor actors in the great enterprise of the restoration of Europe, the indispensable man in that enterprise, the hero of that enterprise, will be the plain, old-fashioned man who spends less than he produces and thus creates the fund without which all of the plans for restoration of Europe must come to naught. He may be rich or he may be poor. He may be a banker, or a merchant, or a school teacher, or a wage-earner. *But he must be a saver.* For it will be true in the future, as it has been in the past, that there is only one way for the capital fund to increase, and that is by the accumulation of savings. We are talking about very big figures when we speak of \$2,000,000,000. But we are talking also about a very big country with millions of strong, energetic, resolute people. Fortunately, too, those people have had some education in saving in the past two years. If the average savings of one hundred million people of the United

States should be twenty cents a day for three hundred days a year, the capital fund of the United States available for investment would be increased by \$6,000,000,000. A large portion of that new capital would be required for necessary additions to capital employed in the United States, but much of the balance would be available for Europe if conditions over there are such as to attract capital. I do not believe that there is any doubt that if the American people want to do it—if they go on saving instead of thinking that the necessity for saving passed by when the armistice was signed—they can produce and save this fresh capital that is needed.

The second fundamental question is whether this old-fashioned man who has saved money can find people to whom he is willing to lend it, and that is not nearly as simple a matter as it seems. We have heard a great deal about bankrupt Europe. We have heard that there is no way to get credit for European countries except through receivers' certificates. We have heard that Europe has been wounded so badly that she cannot recover in a hundred years. May I be permitted to say that such talk is not encouraging to the plain individual who has saved something, and who is looking for somebody to whom he is willing to lend those savings? That old-fashioned man has saved some money for his wife and his children. Perhaps he expects to send his boy or his girl to school or to college. He wants to get interest upon his money while it is away from him, and he wants to get the principal back some day. There is no use fooling either our distinguished guests or ourselves. The people who save money in America are not going to loan it to Europe if they believe that Europe cannot pay it back. The people who lend money to Europe are going to lend that money because they believe the borrower will pay it back; they are going to lend money to Europe because they believe in Europe's strength. One of the most important questions for this conference, and for similar conferences, is to determine whether or not that belief is warranted. I know that I speak for all of you when I say that the in-

inspiring thing at these meetings has been the presentation of the situation in Europe by the courageous representatives of Belgium and of Italy and of France and of Great Britain. The representatives of those great countries have not whined about their losses. They have told us proudly of their countries' strength. They have shown us that there are great elements of strength abroad, elements of strength which the wisest people over there now appreciate and which, sooner or later, will be fully appreciated by us.

We see the war today as a great destruction of life and property, as an enormous sacrifice of the material accumulations of centuries, as an even greater sacrifice of young lives that held the promise of the future. Appalled as we are by this enormous destruction, are we not all apt to forget that with nations, as with individuals, it is not the accumulations of the past which determine future or even present prosperity so much as it is the moral and economic traits of the producers—their willingness to work, their willingness to do without something today in order that their children may have something tomorrow. We cannot certainly know the future, but we are at fault if we do not bring to bear upon the present all of the lessons that the past has given us. At this time, when so many are talking lightly about Europe never recovering herself, is it not well worth while for a groping world to recall the many instances in history of recovery from the ravages of war?

Three hundred years ago, the little province of Holland was being racked by a war which had already lasted for more than a lifetime. And the rigor with which Spain punished Holland has not yet been matched. For almost three generations, with a few short truces, cities were sacked and wealth confiscated, men butchered and women violated. And yet it seems as though the ingenuity of Spanish cruelty had but released in the Dutch people a courage and initiative which no obstacle could stop. With a new boldness and energy, Holland's commercial men spread themselves over the whole world, laying the



firm foundation for that commercial position which is to this day the great characteristic of the nation. In the year 1913, the last calendar year before the present war, Holland's foreign trade amounted to about \$3,000,000,000. Holland—in area not nearly so large as the State of Missouri, in population smaller than New England—had a foreign commerce in 1913 equal to about 55% of that of Germany, and to about 70% of that of the whole United States!

England battled with Napoleon for more than twenty years. It has been estimated that by 1815 the taxes had risen to more than 17% of the entire national income. But the long war was hardly over before the growth of England's industry at home and her commerce abroad had made her easily the leading industrial and commercial nation of the world, meeting the interest charge upon a mountain of new debt more easily than she had met the charge upon the old.

France in 1871 lay at the feet of Prussia. Stripped of a substantial portion of her richest territory, burdened with a crushing indemnity, torn by the internal revolution which followed the humiliating terms of peace, one might well have despaired of France. But in less than three years the war indemnity had been paid; the foreign trade of France in 1873 was 20% larger than in 1869; and the fighting generation had not passed away before the thrifty French peasant was helping you build your western railroads!

There are no exact parallels in history. The growth of Dutch commerce in the 16th and 17th centuries was profoundly affected by the new world trade routes which took away from the Italian cities the strategic position which they had so long held. The voyage of the Portuguese navigator, Vasco da Gama, around the Cape of Good Hope carried in its consequences more permanent damage to the commerce of Venice than all the Spanish invasions brought to Holland. England's commercial supremacy after the Napoleonic Wars was due in large measure to the industrial revolution wrought by new inventions.

Give any nation the inventive genius of a Watts, a Hargreave or an Arkwright and it may well throw in the scrap-heap much of its material capital. But, although new circumstances may have made the new opportunities, the fundamental fact remains that those opportunities were grasped by a people resourceful and alert, perhaps more resourceful and alert by reason of suffering and sacrifice. Material losses may be outweighed by gains in character and capacity.

Do not misunderstand me; I am not suggesting that wars are ever profitable to a people. It is hard to conceive of any result reached by any war which could not have been reached at enormously less cost if men themselves only understood each other a little better. The tragedy of the human race has been the costliness of progress. But we may be permitted to recall to ourselves in times like these that history has furnished many instances of great burdens upon a nation calling forth great powers. And we must not forget that in the future, as in the past, character and capacity and skill in organization will be the qualities by which civilized peoples will judge the worth of individuals and of nations.

Have the people of Europe that character and capacity and skill in organization which will attract our increasing supplies of accumulated savings? Can any one of us who is familiar with their whole history doubt it? Can any one of us who has watched their conduct during the more than four years of war doubt it? Can any one of us who has met their courageous representatives at this conference doubt it? Credit is not based primarily upon the accumulations of the past. Credit is not based primarily upon the amount of property that one has inherited or saved. Credit always has depended, and credit always must depend, upon the moral and economic qualities of the borrower, upon his willingness to work, upon his ability to produce and to save. You men represent the Chambers of Commerce of this great country. You have come from all over the United States to attend this conference. I ask any one of you to look back ten or twenty

years in the history of your own city. Are the men who are strong in your own communities today necessarily the people who had property ten or twenty years ago? In almost every community in this land the creative men today are the men who had ideas ten or twenty years ago, the men who had courage, who had character, who had capacity, who had thrift! It is with nations much as it is with individuals. We have seen the nations of Europe go through four years of war. We have seen them go down into the valley without giving way to despair. We have seen their character and their steadfastness bring them to a great triumph. I tell you that if credit is a thing to be extended to creditable people, then credit will be extended to the nations of Europe.

Take the little country of Belgium. Is there any man who thinks of credit in terms of character who would not rank Belgium's credit as high? The man who incurs a debt makes a promise. He promises to pay back the amount that he has borrowed. The wise creditor always puts his reliance primarily upon that promise. I need not tell you business men that a lender has more chance of getting back his money from a man of small property who measures and keeps his promises than from a man of ample property who breaks his promises. No sensible person lends money for the sake of later enforcing collection. We do not willingly buy law suits. We put our trust in the capacity and character of the promisor. Now, we all know that five years ago there came to Belgium a great test. She was required to choose whether she would keep or break her promise. And Belgium kept her promise although it meant the destruction of her property, although it meant the burning of her cities, although it meant the slaughter of her sons and daughters. Does anybody want a better promisor than Belgium?

Take Italy. Those of you who heard Prof. Attolico at the committee meeting yesterday and at the public meeting this afternoon, must appreciate how much courage and vitality there is in Italy. I had the very great privi-



lege of working with Prof. Attolico on the Allied Maritime Transport Council for one year during the war. Only those who saw intimately the economic side of this war will ever appreciate the discouragements under which the Italian nation had to fight from the beginning to the end of the war. They were short of many of those essential things without which people cannot fight. They were using about 1,000,000 tons of coal a month in times of peace; and yet there were allotted to them during the war—for their great munition plants, for their aeroplane and automobile factories, for the movement of their troops backward and forward across the land, for keeping their people warm—something like 600,000 tons of coal a month, and they did not get even that much during the last months of the war. There were many times during this war when Italy was within a few days of being entirely without coal. And then there came a time when the very heart of Italy was torn open at Caporetto. But Italy did not quit. Italy did not give up. Italy kept her courage. And almost unaided she won those overwhelming victories over Austria at the end. It is no easy task that now confronts Italy. It is a very hard task. But for five years we have watched Italy doing the hard thing. We have seen her triumph over difficulties much greater than those which now confront her. There will be perplexing days ahead of her. But if her difficulties are great, so also are her opportunities. She stands today on the threshold of a new life. For the first time in modern history she has gathered her children within her national borders. The new Italy should be greater and stronger than Italy has ever been in the past.

Take France. I know that there are people who come back from abroad and tell us that France is ruined, that she will not get back on her feet in a generation. I know that there are people who say that France is idle, that France has quit working, that France is shell-shocked. Such people have looked at that great scar running from the North Sea to the Vosges and have thought they were

seeing all of France. They have seen the French soldier discharged from the army with a few hundred francs as his discharge pay, a soldier who has been fighting for four years, whose family perhaps was in the occupied area—they have seen that soldier go to his home on a month's holiday; and they tell us that France has quit working. I wish such people might have sat here this evening and listened to that admirable paper read by M. Schneider. I wish they could get the picture of the French peasant working all over France. I wish they could get the picture of the new savings accounts that have been started, of the schools that have been opened, of the railroads that have been rebuilt, of the ditches that have been filled up, of the barbed wire that has been removed. The cataclysm of the war struck France with its full force, and yet we hear from M. Schneider how much has been done by the courageous French people in a short twelve months. The French people may very naturally be hesitant until they get their facts and are sure that they are moving in the right direction. But, shell-shocked? No! France is strong and alert and vigorous and ready to go ahead.

What need one say about the credit of Great Britain? I have been told that it is not easy to talk to an American audience about Britain after one has spoken of Belgium and Italy and France. Old differences and prejudices are not yet entirely removed. But I think that Admiral Sims is correct when he tells us that one reason why we do not always get along with England is that we are so very much alike. In one of his Liberty Loan speeches the Admiral remarked, with his dry humor, that an Englishman generally goes into a drawingroom as though he owned it, and that an American goes into the same room as though he didn't care who owned it. Perhaps it is true that both are lacking in that delicate appreciation of the sensibilities of others which is so marked a characteristic of the French nation and which has made that nation for generations the interpreter for the peoples of the earth. But, surely it is not necessary to tell business men what

those tenacious British people did in this war. I am not going to speak of the great contributions of their fighters on the sea and on the land and in the air. I am thinking tonight rather of the dull, prosaic things—the things that do not stir the imagination as do the achievements of the fighting men. I am thinking of the efficient body of civil servants who keep on doing the work of the British Empire through all changes of ministries. When we get far enough away from this war we will begin to appreciate the great contribution along economic lines that the British Empire made to the Allied forces from the beginning to the end of the war. For two years and a half Great Britain was the principal reservoir of economic strength, cheerfully doing without things in order that she and her Allies might have the means with which to fight. And after America entered the war she shared with us the great burden of furnishing the supplies and the credit. In her unpreparedness she blundered as we all have blundered, but I think it is only fair to say that she has excelled us all in proclaiming her own blunders to the world. And with that doggedness which we associate with the British, she went straight through to the end, more or less indifferent to praise or to blame. I do not underestimate in the slightest degree the great problems of re-adjustment that face the British Empire now that peace has come. True to her tradition of free speech, Britain is still proclaiming her blunders to the whole world. But let us try to keep our perspective. For more than a thousand years that nation has gone on, emerging from her difficulties by her rugged common sense. If the past tells us anything it is that Great Britain's credit is good; if the past has taught us anything it is that Great Britain will measure her promises carefully and keep them scrupulously.

Our distinguished guests have come to us, not as supplicants asking for credit because of their weakness, but standing erect, asking for credit because of their strength. No man can tell how they are going to get credits that they seek. No man either in America or in



Europe can tell how much their apparent needs will be compressed by their own energy and ingenuity and thrift as the war recedes further and further into the background. No man knew in April or May of last year how America was ever going to send an army of 2,000,000 men to Europe, but somehow or other, with the help of our Allies, we were landing ten thousand men a day in France when the armistice was signed. The energy and capacity that was released during the war must be directed to the performance of the great task that now confronts us all. The depleted capital of the nations of Europe will be gradually restored by their own fresh savings, and—what is equally essential—those savings will be protected by their own free governments. The same high qualities that will create and protect their own savings will attract and protect the accumulated savings of America. The stable governments of Europe will get the credits that they need, not because of their weakness but because of their strength. Their representatives come to us proud, rightly proud, of their past, and confident, rightly confident, of their future.

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#### MORNING SESSION.

FRIDAY, OCTOBER 24, 10 O'CLOCK.

The meeting was opened by Mr. R. Goodwyn Rhett, honorary Vice President of the Chamber of Commerce of the United States, and after the reading of formal committee reports (printed elsewhere) he said:

*Gentlemen of the Conference:* A little over two years ago in September, 1918, the Chamber of Commerce of the United States gathered together in Atlantic City between 3,000 and 4,000 American business men for the purpose of giving them an opportunity to express their sentiments and their purposes with reference to the war

in which we were then engaged, and to provide the machinery by which those purposes might best be carried into effect. Some of you will remember that convention and the splendid sentiment which emanated from it, and particularly that splendid creed, which was the first report of the committee on resolutions, in which the business men of the country pledged themselves, dedicated their facilities, their industries, all that they possessed, all that they could develop, to the end that the war should proceed until Prussian autocracy and imperial autocracy should be driven from the face of the earth. Two years have since elapsed, and how much has transpired! Within a year after that time the war had ended and those purposes had been fulfilled, and how splendid a part the business men took in it, and how proud they may be of their contribution toward the aid which this government gave to the Allies in the winning of the war. Now, upon the signing of the armistice many of our people thought we ought to withdraw our forces, demobilize and attend to our own affairs and let Europe attend to her affairs. Oh, how little did they realize what gas and electricity and modern invention had done to bring the world together, that we had become one great family and that no part of the world could run its own affairs and not affect the affairs of other parts of the world.

It soon began to appear that while we had a splendid democracy, that danger which threatened from without had been overcome, there was springing up another danger within the democracy that might be the tyranny of the proletariat and Bolshevism fed and nourished upon the miseries of men, miseries based upon their wants which required quick remedy. We soon began to realize that until the people of Europe could be put to work, until their industries could be restored and they should have less time for talking and thinking of these vagaries we would not have made the world safe for democracy. We soon learned that we bore a very important part in the performance of that duty, that Europe needed from

us supplies which she could not get elsewhere, that there were serious problems arising in connection with that, and the Chamber of Commerce again felt that the time had arisen when they needed another gathering here at Atlantic City. America was producing much more than she could consume; she was absolutely dependent upon her foreign trade and her foreign trade was now threatened, and a crisis had arisen which made it necessary for the business men of this country to understand the conditions abroad; they could only be understood by having men sent from abroad who possessed the confidence of their governments in their business interests, and who could come and tell us face to face just what those conditions and what those needs were and how we could best supply them. So, again, the Chamber of Commerce has assembled here the business men, and we have brought a splendid delegation from each of these four countries, and they have met around the tables discussing their needs, questioning and cross-questioning until now we believe we have a firm conviction as to just what those conditions are and just what it will be necessary to supply them.

But that was not enough. We felt that we should call a great body of business men to hear them. It was not sufficient merely to inform a hundred or two of them on these committees; after they had discussed these problems with the committees, they should come and present them from the platform, and yesterday we heard from the President of these committees as to the conditions and as to the needs generally, and today is to be given up to the problem of credit and finance. Now, gentlemen, that is the crux of the whole matter, but after all it is only a question as to where these nations are going to get the money to pay for their needs. That means a credit extended over a sufficient period in order to enable them to pay it back without distress to themselves. We have not heard the report of the Committee on Finance and Credit, and I do not know what it will be, but I believe it is hardly a banking question. It is a question of ex-



tending credit over a period of years. I believe it will be one which needs the coöperation of the investors, of the people of this country. I hope it will be such, for I think that the people of this country realize that for two and a half years the people of France and Belgium, England and Italy, fought our battles, sent their men to fight and die for us before we realized that the problem was not a European problem, but a world problem, and that the threat was not to the democracy of Europe but to the democracy of the world; and I believe the American people would welcome the opportunity of expressing their gratitude and paying their obligations if it was given them in any shape in any form, so that they could do so.

You remember when we were called upon to deny ourselves food because our soldiers and our Allies needed it how splendid was the response; you remember how splendid was the response when we asked the people to cease riding on Sundays in automobiles because gasoline had run short. The American citizens would welcome an opportunity of showing their gratitude, and it will be the best thing for them, for there is nothing better for them than to keep on teaching them to save, and only by these savings can we make response to those needs of our Allies, and I trust that the report will reveal such a plan, whether it be under that suggested by the Secretary of Commerce yesterday, or by one or more corporations under the Edge bill offering debentures to the people of the country, and that it will give an opportunity to our people to show their gratitude.

How can we live in prosperity and be happy here hearing that those who for two years fought and died for us to a large extent are suffering for the want of our supplying a little credit to them upon a security which no one in the world can question?

Now, gentlemen, we have today the presentation of the finance problem by those in the commissions who have made a study of that question, and we are also having representatives of this country, in order to present

the point of view of this government. That point of view we had yesterday from the Secretary of Commerce, and today we have a representative of the Treasury Department, a gentleman well known to you all, who was the financial adviser of the American Commission over at the Peace Conference, who is now the Director of Finance for the Government and who comes here today representing the Secretary of the Treasury. I take pleasure in presenting Mr. Norman H. Davis.

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Address of Honorable Norman H. Davis,

*Representing the Secretary of the Treasury, on  
"International Finance and Trade Recovery."*

This international gathering of representatives of the various branches of industry, trade and finance, is a natural and most welcome result of the close association and coöperation instituted and maintained by the Allied and Associated powers during the war as a necessity for its successful prosecution. Just as it was necessary for each of those governments to place under natural control the private activities, and resources under its jurisdiction, it was necessary for the associated powers to coöperate in the use of such resources under Interallied direction.

While such governmental control was imperative for the prosecution of the war, we, at least in the United States, think it most essential for the economic rehabilitation and industrial development of the world that private initiative and control, which developed such resources, should now be restored. During four years of war and now almost a year of negotiations and discussions of questions of high international politics incident to a return to a peace basis, men's minds have turned more and more toward governmental action for the solution of all problems. This is not unnatural. It has

come to be a habit to lean upon the government for everything, since the governments have during this period assumed control of activities formerly under private control. From this habit have come numerous suggested plans of governmental action for the financial and industrial rehabilitation of the world on a comprehensive scale, such as the indefinite extension of credits for the stabilization of exchange, the issuance of bonds with the joint guarantee of the principal governments to be used for the funding, at a lower interest rate, of outstanding obligations or for the settlement of international balances; and the more or less permanent control and rationing of exports and imports under combined governmental purchasing agencies. All of these plans are not only impracticable and abnormal, but economically unsound. Business must now be taken out of leading strings, and, while given the moral support and encouragement of governments, must be left and enabled to follow the ordinary channels of trade by which it was built up. It is therefore encouraging to see the representatives of the various private interests of the principal countries of the world gathered together for an exchange of views and information in an endeavor to solve the problems now confronting the world.

I understand that there is, with minor exceptions of a few food products, no important world shortage of materials and products necessary for social and economic requirements, but the principal problem is to find the most practical and economical means for the distribution and use of such supplies. I have great faith in the ability of the industrial and financial leaders of the respective countries to work out, in coöperation, a satisfactory solution and to do their share in restoring the normal channels of production and trade. I am satisfied that those who have led in the industrial development of the world are best fitted to restore normal conditions. Some of those present at this Conference have had considerable experience in international coöperation by representing their governments on various Interallied bodies which



have dealt during the war with such problems as food and raw material requirements and the most economical manner of conserving and distributing the supplies requisite for filling the respective needs. As the governments withdraw from such activities and controls, it is natural that they should revert to private channels, and that representatives such as are gathered here should take advantage of the experience which has been acquired during the war by governmental coöperation and develop plans for private coöperation.

While the United States Government, and some of the other governments, have withdrawn practically all control over trade and commerce, and while it is, in my opinion, necessary for all of the governments to withdraw from the banking business and as rapidly as possible discontinue the extension of governmental credits, it is nevertheless necessary, during the transition period, for the respective governments to coöperate as much as possible, by taking such measures as may be necessary to restore confidence and set trade and commerce free.

Even if the governments were willing to continue the war practice of extending credits, it would not solve the difficulties, but would merely prolong and possibly increase them. No sound or lasting solution is possible which is not based upon elementary economic principles, and the re-establishment of international trade under private, rather than upon governmental credit. A government cannot make loans without funds to loan, and the only way it can obtain those funds is by borrowing or taxing. The governments have now issued about all the loans their investors care to take and more than the savings have at present absorbed, and in the United States we cannot well ask our people to pay increased taxes.

Since armistice day, the consistent policy of the American Treasury has been, so far as possible, to restore private initiative and remove governmental controls and interferences. It has been the view of the Treasury that only thus can the prompt restoration of healthy economic

life be gained. The embargoes on gold and silver and control of foreign exchange have been removed, as well as the voluntary and informal control of call money and the stock exchange loan account. The control exercised by the Capital Issues Committee over capital issues has been discontinued. Thus the financial markets of the United States have been opened to the whole world and all restrictions removed that might have hindered America's capital and credit resources, as well as its great gold resources, from being available in aid of the world's commerce and Europe's need.

In order to assist toward the general solution of the problem of the financial rehabilitation, and incidentally the improvement of the foreign exchanges, the Secretary of the Treasury has announced a willingness to negotiate with the powers for the funding of their demand obligations now held by the United States Treasury into long-time obligations, and for the funding, during the reconstruction period, of, say, two or three years, of the interest on such obligations. While such measures as the funding of the interest and of the demand obligations into time obligations, and also loans by the War Finance Corporation to American exporters, will aid most materially in general betterment of the situation, this cannot of itself meet the problem. This must be coincident with similar policies on the part of other governments and also must be supplemented most considerably by private capital and initiative. There are undoubtedly, in the world, sufficient credit facilities to meet all legitimate, sound requirements. This credit, however, will not be available in sufficient quantity until confidence is completely restored. Confidence will be restored when the bankers, merchants, investors and even the masses of the world see that private initiative and efficiency have been recovered, and that the principal governments are disposed to coöperate in the maintenance of stability, and the freedom of commerce.

This is natural and as it should be, because until the world gets back to work and works efficiently and saves,

there will not be sufficient products to supply the requirements of the world; but if the world is at work and exchanging services and commodities, prices will decrease and requirements will be paid for in service and materials. The industries of Europe, of course, cannot be set to work without raw materials, machinery, etc., and, to the extent that these are to be secured from the United States, the problem of financing the restoration of Europe now belongs primarily to our bankers and exporters.

Many people have, in my judgment, exaggerated the credit requirements of Europe, and underestimated its fundamental financial and economic strength and its powers of recuperation. They have apparently calculated on the gross requirements without taking into proper consideration the offsets by way of foreign sources of income and of what will be produced and furnished in part exchange. So recent is our experience of the financial conditions which existed during the war—when men were devoting themselves to the business of destruction—that we are prone to overlook the vast recuperative power inherent in any country which, though devastated, has not been depopulated, and the people of which have not been starved.

In making estimates as to Europe's future requirements, there is a tendency to cover a period which is longer than, in my judgment, seems wise. Still under the fear, understandable in view of past war experiences, of a continued shortage of commodities, there is not sufficient allowance made for the fact that the production of wealth is cumulative; nor for the fact that a considerable period of time is required to expend wisely for the purposes of peace sums of money even approximating those which were lavishly blown into fragments within short periods while the war was in progress. To this state of mind is added the impression that the amount of available capital in the world is limited, and not reproductive, and that estimates must now be made for everything required over a period of years.



The effect of these factors is to cause what I consider gross overestimates of European requirements, which, when they find their way into the newspapers through interviews with people whose positions entitle their judgment to respect, but who, in many cases, are laboring under the same distorted conviction, owing to the deep impressions made on them by what they have seen in devastated Europe, tend to create an impression in our community of a considerable shortage of commodities and lead to a frame of mind which lends itself to the support of constantly rising prices, and increases the difficulties of meeting the situation.

I believe that the productive capacity of this country heightened as it has been by the war, added to the productive capacity of Europe, as Europe gradually resumes a normal activity, will suffice to supply what the world requires in credit and commodities as fast as the world is prepared to use them. We are passing, at the moment, through a period where the world is stocking up on commodities. That period once passed, we shall, I think, realize that there are commodities enough to go around, and we shall then run into a period of more normal supply and demand, with more reasonable prices.

If Europe is not at work, no amount of credit, even if it were obtainable, will suffice, and it would be inadvisable for Europe herself to obtain an indefinite amount of credit unless she is working and saving in order to provide means for the reimbursement of such credits. It appears to me that this condition is now taking place, that private initiative is reviving, and that the situation, while we are discussing it, is gradually working itself out.

The foreign exchange situation, of course, increases the difficulties, but that is a question that cannot be properly settled by abnormal and economically unsound methods. It seems to be the general impression that the present low rates of sterling, franc and lire exchange have been caused by the sale of exchange for dollars required to cover purchase here. Such is not the case. England,

France, and Italy have, up to the present, covered most, if not all, of their purchases here with dollars obtained through credits, and not by the sale of their exchange. The United States Treasury has, since the armistice, loaned to the Allied governments approximately \$2,500,000,000 to cover their commitments and purchase in this country, and the War Department has sold to them on credit materials to the value of about \$500,000,000. This assistance has gone far toward supplying their urgent requirements and to carry them through this transitory period, and has aided most materially in avoiding the necessity of selling their exchanges for dollars.

The present low rates in their exchanges, therefore, have not been caused by the purchase of dollars, but the sale of their exchange for other currencies. The present rates of exchange reflect the sales exchange in other markets, a liquidation of neutral balances during the war, a certain amount of distrust in the world's political stability, a considerable deficit in the present trade and financial balances, and a certain inequality in domestic and financial conditions.

If effective action were taken to carry out a policy of stabilizing rates at the par of exchange, it could only be done by drawing gold out of the United States when the dollar would otherwise be at a discount, and by inflating credit when the dollar would otherwise be at a premium. Government action to prevent in respect to foreign exchange, the ordinary operation of the law of supply and demand in relation to values which always automatically set in action corrective forces, and to prevent the dollar from going to a premium when its natural tendency is to do so, would automatically stimulate our exports, and, in consequence, through the competition of export demand, increase the domestic price of every product. It would stabilize or even aggravate war prices at the expense of further taxes, loans, increased wages, and maintain the high cost of living at home.

The view of the Government of the Allies, I take it, is that had they, after relaxing the war control of their

imports, attempted to continue to "peg" their exchanges here at an artificial level by government borrowing, the effect would be to stimulate their imports and discourage their exports, thus aggravating their already unfavorable international balances.

Some progress has already been made in placing here through private channels the obligation of Allied and neutral European countries and municipalities loans, all of which contribute to relieve the exchanges. I am sure that when peace is consummated, and certain political risks, especially in respect to the newly constituted countries are measurably removed; when it is known just what definite policy is to be followed in collecting reparation from Germany; American exporters and European importers will lay the basis of commercial credit in normal transactions; and I am confident that American bankers, in coöperation with our exporters, will not fail to devise means for financing the needs of the situation, nor American investors to respond to Europe's demand for capital, on a sound investment basis.

It must not be overlooked that the German reparation may also serve as a basis for the financial rehabilitation of Europe, provided there is an early constructive policy defined and announced, which has due regard, not only to Germany's capacity to pay, but to what her creditors can afford to have her pay.

Meanwhile, it is well to remember the silent factors which are always at work toward a solution of the general problem. Immigrants' remittances from America to Europe are, and will continue to be a very large item in rectifying the exchanges. As soon as peace is concluded, foreign travel will be a further item. Another very important factor is the purchase of European securities and purchases of foreign-held American securities by American investors. But the principal factor in Europe's favor is the inevitable curtailment of her imports and the expansion of her exports. These processes, of course, are stimulated by the very position of the exchanges which they tend to correct.



It is probable that American capital will also in addition to supplying credits to our European friends, purchase interests in existing foreign properties and invest in new developments abroad. This would be a most natural and material aid in correcting the present adverse balances. International relations have become so interwoven that ignorant rivalry should now be substituted by international coöperation. There is so much to do everywhere, and there are plenty of opportunities for all. This conference will undoubtedly produce a better understanding between the representatives of the various countries as to their respective requirements and resources, and show how such resources can best be made available for the industrial restoration and development. It is folly to try to succeed by any principle except that of efficiency and service, and I look upon this Conference as the beginning of international coöperation between the industrial and commercial interests of the world, which will lead to closer international affiliations, to a more commercial use of the world's resources and service, and consequently to a new era of peace and prosperity in the world.

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### Address of M. Albert E. Janssen,

*Professor in the University of Louvain, and Director, National Bank of Belgium.*

*The Chairman:* Now you will hear from the representatives of the foreign nations, and first we are to hear from the representative of the Mission from Belgium, that little country which threw its army in the path of the invader at a critical time and rendered a service which this country can never forget. This address will be made by a gentleman who is one of the five directors of the National Bank of Belgium, M. Albert E. Janssen, Professor in the University of Louvain and Director of the National Bank of Belgium.

M. Janssen said:

*Mr. Chairman, Ladies and Gentlemen:* The exposition of the financial situation in Belgium must necessarily be divided into two parts.

First, we must consider the banking and monetary situation.

Second, we will concern ourselves with the financial condition of the government, its budget and loans.

In presenting the financial statement, which is naturally a rather dry subject, in as clear a light as possible, I think it would be best to summarize it under the following heads:

1. The situation of Belgium before the war.
2. A sketch of the chief difficulties that confronted Belgium from the beginning of the war until the armistice.
3. The progress that has been made since the armistice toward restoring order and stability in a country that was ruled for four years by an unscrupulous invader.

In this way I hope to be able to give you a clear idea of the present financial situation in my country.

#### MONETARY AND BANKING SITUATION.

The monetary system of Belgium is similar to that in France, Italy and Switzerland, as these four countries adopted the same system at an international convention held in 1865 and which is known as the Latin Union.

In Belgium the value of the franc in gold was then the unit of measure and our foreign exchange was at the parity of gold. The question of currency was put into the hands of the National Bank of Belgium when that institution was founded in 1850. Notes were issued in 1914 up to \$200,000,000 and were backed to the amount of 45 per cent by a gold and silver reserve and by an amount 55 per cent of commercial paper, including some loans made on public funds.

The condition of private banks was equally sound. The

capital and reserve of 35 per cent of the principal banks in the country totaled \$120,000,000 in 1914 and deposits amounted to about \$400,000,000 before the war.

Thanks to the richness of its soil, the industriousness and economical tendencies of its people and the enterprising spirit of its business men, Belgium was enjoying remarkable prosperity.

During the fifteen years which preceded the war, Belgium exported between 3,000,000,000 and 4,000,000,000 francs to Europe, Africa, China, and South America, exploiting railways, train lines and coal mines in those countries.

A tax on foreign securities that was imposed in 1913 showed that Belgium held \$1,200,000,000 worth of foreign securities.

This was our monetary and banking situation before the war. In the first days of August, 1914, when the various declarations of war caused unprecedented panics in the chief European markets, the financial progress of Belgium instantly halted.

Under such tragic circumstances the Belgium banks were confronted with most serious difficulties. The public, panic stricken by the international political situation, hastened to withdraw their deposits from the banks, and the banks, in order to have sufficient funds to meet the demands, had to have all their commercial paper discounted by the National Bank of Belgium. The result was that in a few days \$100,000,000 worth of additional paper currency was in circulation, whereas the reserve was diminished by demands that bills be cashed.

The German occupation of Belgium made it necessary for the government to declare a moratorium, and the banks were no longer compelled to give coin in exchange for bills. When the war began we believed private property would be protected by the treaty of La Hague. We believed that international treaties were more than "scraps of paper," as they were termed by Bethmann-Hollweg.

On August 12, 1914, we were startled by the news that



the reserve of 2,000,000 francs had been seized by the Germans by armed force in the little town of Hesselt on the frontier. The next day brought the report of the still more serious seizure at Liege of more than 6,000,000 francs from the branch there of the National Bank of Belgium. The reserve of private banks in Liege also was taken and the German forged signatures on bills that had not yet been signed.

Then, in rapid succession the branches of the National Bank at Huy, Charleroi, Dinan, Nivelles, Ath, Mons, and Ghent reported that German officers with squads of soldiers with rifles and bayonets had compelled them to throw open their vaults. But we lost no time. By telephone and telegram we had issued orders to burn all notes that had not been sent ahead into territory not yet invaded by the German Army. So as the Germans advanced, our banks sent their reserves to the fortress at Antwerp and from there to the solid vaults of the Bank of England.

When on Friday, August 21, at 10 o'clock in the morning, I received German officers in the bank in Brussels, I had the personal satisfaction of opening to their inspection vaults empty except \$100,000 worth of copper coins that had been too heavy to carry away.

May I recall for you a personal experience, an incident which occurred on the 25th of August, 1914, in the Grande Place of Brussels. The German general, who was governor of Brussels, called us together and told us that if we did not at once pay a \$100,000,000 "war contribution" imposed upon Brussels he would seize the valuable paintings and treasures of our museum. He added that we could easily find rich Americans who would buy these priceless possessions of ours and that in this way the levy would certainly be collected.

We answered without hesitation that Americans were too honest and too just a people to take part in such villainy.

One of the first acts of the German Government in Belgium was to place all banking business under the

most rigid control. The Germans dismissed our own governor and took over to themselves the authority to issue banknotes. But as it was necessary to insure the economic life of the nation, the Société Générale, the main head of all private banks in Belgium, quite in agreement with the National Bank of Belgium, was directed and empowered to issue banknotes which were to be made good by the National Bank after the war.

It is not possible in this statement to enter into details concerning all the arbitrary acts of the Germans in Belgium. But let me say to you that one of their most oppressive acts was in compelling everybody in Belgium, under martial law, to receive German marks at the rate of one franc twenty-five, for each mark. It was a dominating fact which still today has a deep influence upon our monetary situation. Because Belgium did not, naturally, want to exchange good money for what they considered bad money, they concealed their money and all our bank notes disappeared from circulation. Very quickly the country was flooded with German marks of all value and descriptions. A great many marks came from Germany and from Holland as the result of German speculation in exchange.

Of approximately \$200,000,000 discount bills made by the National Bank of Belgium at the beginning of the war, about four-fifths of \$160,000,000 were reimbursed by marks which the bank was compelled to receive at the rate of one franc twenty-five. The Germans threatened us with deportation to Germany if we did not accept the marks in payment.

New business during the war was nil. It could not be otherwise. The general trade of Belgium with foreign countries, which had amounted to more than \$2,000,000,000 a year was paralyzed by the war. Our foundries and factories were closed. Use of our harbors—Antwerp, Ghent, Ostend—was denied us. Our industrial and trade organizations were ruined by German requisitions. In fact, all our activities were prohibited. We could not produce. The inevitable consequence was that

1,500,000 people were without work. They could have found employment with the Germans, but they refused such work because of a high spirit of patriotism.

It was these people the Commission for Relief in Belgium had to feed and clothe and did under the direction of Mr. Hoover, who gave to the world a noble and never-to-be-forgotten example of human effort for which the people of Belgium shall be eternally grateful to the United States of America. I remember, myself, gentlemen, that in all the towns and little villages of my country where were branches of the Relief Commission there floated the flag of your country. But, after a few months the Germans would not permit your Stars and Stripes to fly, and it was with great regret that we saw the American flags pulled down.

But the colors of your national banner remained engraved in our hearts and we were able to salute your flag again when, after four years of terrible life, the armistice came and with it the joyous return of our King to Brussels at the head of his own victorious troops and soldiers of America and the armies of France and Great Britain.

The first financial step the Belgian government took directly after the armistice was to withdraw all German marks which were in circulation. A total of 6,000,000,000 marks was taken out of circulation and the government gave to the Belgian people in return Belgian currency at the rate of 1.25 for the mark, to enable them to renew their industries. At that time the National Bank advanced the government \$1,160,000,000. It was not so much a business as a monetary operation consisting in substituting our own money for the depreciated mark. Our issue of bank notes which before the war had been \$200,000,000 increased to \$950,000,000. But it could not be avoided. We had to make the exchange in order to revive our industrial life.

But I can assure you that reduction of our issue of notes today is an important feature of our finance policy. We fully realize that the inflation of notes has al-



ways provoked a depreciation of the monetary unity and contributed to the high cost of living. The economic rejuvenation of Belgium calls for a concentration of all our efforts to diminish the cost of living which is so intimately related to the question of salary and wages. Therefore the government and the National Bank of Belgium are determined to prevent any increase in issue notes. No more advances of notes will be made by the bank to the State and efforts will be concentrated on keeping the issue of notes down. Their success in this naturally depends to some extent upon how quickly Belgium can liquidate the six billion marks which are today in the vaults of the National Bank.

As concerns the private banks, I take great satisfaction in saying to you that they have weathered the storm well and all are today in excellent shape, well equipped to contribute to the economic and industrial reconstruction work in Belgium. During the last month there has been established an important bank named the National Company for Credit to Industry, which will extend credit to industries and which will play a big part in the undertaking of repairing the damage done during the war. Many of our private banks have doubled or increased their capital and reserve since the armistice. The confidence of the public in the banks is shown by the fact that deposits in the banks which, before the war, were \$400,000,000 today are double that amount—\$800,000,000.

So you see, national money is abundant and cheap in Belgium today. The discount rate at present is  $3\frac{1}{2}$  per cent.

Before the war the financial situation of the Belgian State was, briefly, as follows:

The annual budget was \$160,000,000 and its equilibrium always was assured by a sane and wise financial policy. The total amount of our debt previous to the war was about one billion dollars. The greatest part of this sum was used to construct railroads, canals, harbors, which belong to the State. Because we had always been

at peace we had no navy, and because we had a sound system of finance our debts before the war had been of direct benefit to the nation because they were contracted for public improvements, which proved sufficient to assure the remuneration and redemption of the capital.

Such debts do not trouble us today.

Two months after the war began the seat of our government was removed to Le Havre where our ministers and departments accepted the very gracious hospitality of the French. Except for a few villages and fields along the Yser River, which was the theater of military operations, the Belgian Government did not possess any territory in which taxes could be collected. German occupation made it impossible to borrow money to meet demands upon the Belgian treasury.

For our war expenses the French, English and United States made advances to Belgium which, at the time of the armistice, were about one billion dollars.

The Peace Treaty provides, as you know, that Germany shall reimburse Belgium in the form of gold bonds for loans made by the Allies before the armistice.

Heads of the delegations at the Peace Conference—President Wilson, Premier Clemenceau and Lloyd George—have said, in a letter they wrote on June 16, 1919, to our Foreign Minister “to recommend to their respective parliamentary bodies that German reparation bonds be substituted for advances made by the Allies to Belgium, thus cancelling the debt.”

Since the armistice we have contracted an external debt of \$260,000,000, with which our Allies will be paid out of the first German reparation payments. The internal debt contracted by our Government since the war to the amount of \$1,500,000,000 to make up for the six billion marks will be paid when we liquidate the marks. In view of these facts our Minister of Finance announced at a meeting of Parliament, the beginning of this month, that our unpaid debt of pre-war expenses and forced war contributions will remain about \$1,200,000, which must be

covered by loans, of which the greatest part already has been raised.

Owing to a necessary increase in the salaries of government employees as a result of increased cost of living, the Finance Minister has estimated that the annual budget must be raised \$100,000,000. New taxes already levied and taxes actually submitted to parliament will be sufficient to cover this increase. It is a small sum to you, perhaps, but a large one to us. But the future would, however, be very difficult to any Finance Minister. We, no doubt, shall receive the indemnities from Germany imposed by the Peace Treaty, but how many years we shall have to wait is a matter of doubt. In the meantime, our wrecked industries, our destroyed cities and our business institutions ruined by German requisitions, must be provided at once with money to enable them to get back to normal again. We must insist upon our claims against Germany being paid soon.

That is the critical phase of the situation. The government has expressed the hope that Parliament will be enabled to submit a solution of this problem on the handling of which depends the future of Belgium. It must be added that the German occupation forced upon us a very difficult financial situation. That, gentlemen, is a brief and frank summary of the situation in Belgium. Be assured that Belgium is determined to make all necessary sacrifices to restore her finances to a normal status because sound finance is the best way my country can take to fortify and facilitate the internal and external credit we must ask for this work of restoration.

The question of our foreign exchange rate was one of the greatest problems our country had to meet after the armistice. During the war our foreign exchange was not quoted, naturally. However, the German orders, imposing upon us during the occupation, the mark at the rate of one franc twenty-five had a bad effect of solidarizing our money with the depreciated value of the mark.

During the German occupation all trade and commercial relations between Belgium and other countries



ceased. We were denied trade and commerce with the outside world by a great barrier. Our country was as a prisoner. The liberation of Belgium after the armistice put an end to this state of affairs, but how difficult was the position we found ourselves in.

Despoiled of our raw materials, machinery, etc., Belgium was compelled to turn to other countries for those things we formerly had exported ourselves. We had to obtain from foreign countries the credits necessary to compensate for our international balance of payments.

In December, 1918, the Belgian Government obtained from England a credit of 9,000,000 pounds sterling to facilitate the purchase of our industries from England of badly needed raw materials and machinery.

Private credits were obtained by Belgian banks united in a group presided over by the National Bank of Belgium and guaranteed by the State under a law enacted March 16, 1919.

An important group of banks in the United States has consented to give Belgian banks an export credit of \$50,000,000 and \$25,000,000 has been furnished by a syndicate of the principal banks of London. Similar loans were negotiated with the banks of Norway and Switzerland. The revival of our coal mines, which produce already 90 per cent of the normal production before the war, permit us to make large export of coal to France, and to maintain a good exchange with Paris.

What we must have in the future is long-time credit—ten to twenty years. As late as February the exchange rate on the dollar was five francs fifty, which is a 70 per cent increase over the normal rate. Under such conditions it is natural we should only buy in the United States the raw materials and food products which are absolutely needed by us for the reason that the increase of 70 per cent in exchange rate is equal to a 70 per cent export tax which should be imposed by the United States on exports to my country. We are all interested, you and we, in reducing the price of the dollar so that trade may get back to normal. The only manner in which to reduce

the price of the dollar today will consist in the credit that the United States should allow Europe for some years. You must do today for us what we have done for you in the past.

I know, gentlemen, that credit must be based upon confidence. I will say to you that you may have confidence in Belgium. Bolshevism cannot exist in victorious countries with our free constitution and our democratic institutions, the oldest on the continent. We are rapidly getting back our old stride. We have a great division of property in Belgium. The farms are nearly all very small. Four hundred million dollars are deposited in the Savings Banks of Belgium, which have three million depositors, mostly of the low classes, out of a population of 7,500,000. When so many people are saving and conservative they do not go blindly into political ventures.

Then, too, gentlemen, we have fortunately a good and democratic King, who is intimately acquainted with the needs of his country. I remember something the King said to the people when he triumphantly came back to Brussels to receive the royal acclaim and allegiance of all classes, capital and labor alike. The King said, "Order is the basis of social life. Without order, social life cannot be developed. But good order does not consist in a forced submission to unnatural or outside compulsion. It must be a common accord of the hearts and minds of all, so that the spirit of fraternity and harmony inspires a patriotic duty and just care of the maintenance of law and order."

So said our King, and his counsel is the good star which guides us.

Gentlemen, in undertaking the great task of economical reconstruction an imperative duty is imposed on the people of Belgium. They must stand united to produce. Production must be the rule of all. There must be strict economy on the part of individuals and the government. It is necessary that we produce to the maximum of our power and consume the least possible so that our export

trade may grow rapidly and the returns from it meet the deficit of our payments on international debts.

That is the fundamental principle upon which industrial and commercial restoration must be based in our country, whose sources of production were so ruthlessly destroyed by the invader. We are not a race easily discouraged. On the contrary, we have confidence in ourselves, in the industriousness and thrift of all Belgians, characteristics which the people of Belgium ever have possessed. Our country will rapidly recover. You have proof of that in what we already have accomplished since the armistice.

We hope and firmly believe that ten years from now when Belgium, in 1930, will celebrate the glorious centenary of this independence, we shall, as we were able to show in August, 1914, show anew to the world what the energy of the people of Belgium can do to make a prosperous and progressive nation.

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### Greeting From Belgian Engineers.

*The Chairman:* Ladies and gentlemen, I have just received a telegram which I wish to read to you. It is from M. Edward J. Hubaux, of Charleroi, Belgium. The telegram reads:

"In the name of the Association of Commercial Engineers, Brussels, also of the present students at the 'Commercial Institute of Manufacturers of Hainaut' (Belgium), I have the honor and pleasure to convey to the International Trade Conference of the United States Chamber of Commerce and the Foreign Missions gathered here, the best wishes for success from all our members scattered all over the world who are with you heart and thought. They are ready and willing to coöperate with you as they have done in the past and will always



do in the future for the triumph of our noble cause; the complete liberation of our free lands from the German spirit of world-wide domination in industry and commerce.

(Sgd.)

"EDWARD J. HUBAUX,  
"Charleroi, Belgium."

### Address of M. Le Baron Du Marais.

(Read by M. Eugene Loizeau.)

*The Chairman:* Now, Ladies and Gentlemen, we are going to hear from France, that country which gave us liberty in time of our need, and that country which gave more men and materials than any other in this war. Her case will be presented by one very eminent in France, the President of the Credit Lyonnais, and Vice-President of the French Mission, M. Le Baron Du Marais. Owing to a cold the Baron tells me that he is unable to read his address. He has therefore requested another eminent member to read it for him, an eminent engineer of Paris, an expert adviser of the Credit Lyonnais, M. Eugene Loizeau.

The address of Baron Du Marais follows:

*Gentlemen:* Several weeks after the signature of the armistice I met one of our best-known generals. As he knew the terrific strain which our country had undergone, he asked whether France, victorious in arms, could still muster up sufficient strength to bear the financial burden that five years of continuous warfare had imposed upon her. I simply replied:

"During the most trying days of the struggle you never doubted your soldiers. The signing of the armistice has not ended the war. It has merely transposed the field of battle. Why not have the same confidence in the worker of France as we have all had in the soldier of France. He is one and the same man."

Facts later ratified this confidence. Little by little, slowly but systematically, the transition from the state of war to that of peace took place. The problems of the new era presented themselves for examination. I cannot say that they have been solved. The most urgent have already been approached and solution is already in sight. So that today, at your invitation, before this Assembly, composed of the great business men of the new world, deemed its men of thought and of action, companions all in struggle and friends all of France, I have the honor to present to you, in the name of the French Delegation, a general exposé of the financial situation in France.

I shall take up first the French budget of 1913 and then the one now in force. I shall then reckon, based upon reliable data, the yearly expenditures of the after-war period and measure the amount of new taxation that must be met in order to balance the budget. This reckoning takes into account the increase in resources that will come, first, from the northern regions of France when their economic life has been resumed, and, second, from Alsace and Lorraine when they will be fiscally reunited with France.

We shall next consider the reconstruction of the devastated regions and the quantity of raw materials and manufactured articles that will be required during the period of reconstruction.

These facts, when analyzed, will dictate the financial means that must be employed to meet our needs and will bring us to the discussion of the disturbance of the exchange. This disturbance is the visible symptom of our present ailment and will disappear of itself, together with the ailment, when we have returned to the normal conditions of life.

#### THE FRENCH BUDGET.

The French budget in 1913 amounted to \$1,020,000,000.

Of this, less than \$860,000,000 came from that part of France which did not later suffer invasion.

This year this same section will pay into the Treasury almost the total amount of the budget of \$2,000,000,000, which constitutes an increase in burden of 120 per cent.

From the above figures alone you can judge how unjustified it would be to accuse us of not having exerted ourselves sufficiently to increase our taxation to a reasonable degree.

If you take into consideration the fact that 40 per cent of the male population of France was mobilized, you will have to acknowledge that few countries, in such circumstances, would have been able to attain equal results.

These two billion dollars which the Treasury will have at its disposal in 1919 will be enough to pay all the civilian expenditures of our budget, including the entire interest on the public debt.

We have a right to be pleased with this result, but we shall not halt at this stage. Our Minister of Finance recognized this fact when he proposed to Parliament new taxes amounting to 360,000,000 dollars. These taxes are to be considered at the next session of Parliament, which is scheduled to convene immediately after the coming election. At any rate, the fact remains that, on the average, each French citizen will pay into the National Treasury during 1919 about \$56, whereas in the United States, according to the National Budget, each American citizen will be required to pay into the Federal Treasury only \$49.78.

Let us see how the budget will balance after the war, when the public debt has been funded, when the increase in the salaries of our public employes will have to be faced, and when provision will have to be made for military pensions, as a guaranty at least.

The interest on the public debt will amount on a capital of 40 billion dollars to 2 billion dollars. Civilian expenditures amounting to 380 million dollars in 1913, will probably reach 900 million dollars. Military and naval expenditures will reach 400 million dollars, making a total of 3 billion 300 million dollars. To this total we



may add pensions amounting to 800 million dollars, raising the grand total to 4 billion, 100 million dollars.

With what resources shall we meet these appropriations?

To the resources of 1919, equaling 2 billion dollars must be added the share of the devastated regions in their before-war proportion to the whole of France amounting to 400 million dollars. Alsace and Lorraine, highly developed industrial regions, will furnish 200 million dollars. The increase over the present yield of taxes, without enacting a change in rate, is expected by experts to reach 200 million dollars. This increase will result from the reorganization of the ranks of tax collectors which were so depleted by mobilization as to make it impossible for those who remained to meet their overburdened duties, which included the paying of allotments and other gratuities to the families of soldiers. The increase in railroad tariff, which has become an absolute necessity, will bring in from net earnings, and a decrease of guaranteed interest paid by the State, about 150 million dollars, making a total increase of 950 million dollars, which raises existing taxes as they now stand to 2 billion, 950 million dollars.

To fill the gap between this figure of 2 billion 950 million dollars and our expenditures of 4 billion 100 million dollars, which include military pensions (although these are really part of the German indemnity), an increase of 50 per cent above the present taxes will be more than sufficient. Undoubtedly, this increase is large but need not be feared when we consider what the people of France have already achieved.

I have introduced the above figures to show that the credit of France does not depend entirely upon the fulfilment of the obligations to which Germany is pledged. According to the Treaty of Peace, Germany is to repay pensions that have been paid to widows, children left fatherless by the war and mutilated soldiers. This refund will be available in part to reduce the taxation that is needed to balance our budget and chiefly to create an

amortization fund which no Minister of Finance will dare to forget in the face of so great a public debt.

You may therefore be assured, gentlemen, that the public finances of France are in such shape as to make us feel absolutely secure about the balancing of our budget and the recovery of our country.

The French citizen is already heavily taxed; he knows perfectly well that he is to pay still more. With quiet fortitude he will accept the burden of the further taxation that balancing the budget makes necessary. He deems this task light in comparison with the one he has accomplished during the four years of warfare.

#### THE DEBT OF FRANCE.

As to the debt of France which reached 5 billion 600 million dollars before the war, it has now mounted to 40 billion dollars. This figure might appear disquieting if it were not for the fact that our foreign debt constitutes but a small part of it, namely 6 billion dollars. Moreover, we can oppose to this foreign debt, the still larger amount that is owed France by Eastern and Central Europe. France cannot realize these credits today but will undoubtedly be able to do so in the future.

It must be emphasized, however, that the realization of our budget depends upon the following factors:

1. The rapid restoration of the devastated regions of France.
2. The resumption of activity in all the manufacturing plants of France, based upon their being supplied with a sufficient amount of raw materials.

#### REPARATION OF WAR LOSSES.

The Treaty of Peace holds Germany responsible for war losses.

Unfortunately, the extent of these losses is so great that they who negotiated Peace found it impossible to devise practical means by which Germany could pay,

within a limited period, the full sums that would cover total losses.

As a result, France will be obliged to advance the sums to be expended which will reach a very elevated figure since it is essential above all that reparation be effected within the shortest time possible. This is of supreme importance because France will be entirely absorbed in the work of reconstruction until it is completed. Consequently, particularly in view of her depleted equipment, she will not be able to regain her place in the world markets save slowly and to a very limited degree.

It is precisely at this point that France may require the coöperation of the United States to secure through credits, the means of paying for merchandise, raw materials and manufactured articles, which she could obtain in return for her exports under normal circumstances.

France can give as guaranty for these advances the German bonds which the Treaty of Peace allots to her. She has no doubt that these bonds will be paid at their maturity but, in the event, which is most improbable, that Germany does not meet her obligations, France would not think it fair to have the entire burden of reconstruction fall upon her.

Upon France has just been conferred the tragic honor of serving as the battlefield of Europe. She has shielded Europe from the barbarians. If, unfortunately, she should be left alone to rear up the cities and villages which the children of America and England, struggling side by side with the soldiers of France, saw crumbling into ruins, she would not despair. She would merely take up her tasks. But it would mean that her wounds would take longer to heal. She would toil on in suffering and suffering does not always inspire wisdom.

History shows that suffering often transforms into violent movements evolutions that are in themselves most legitimate and no one can foretell the far-reaching repercussions of these movements.



## FOODSTUFFS AND RAW MATERIALS.

France requires additional food products for her people and raw materials for her plants. Competent commissions have estimated importations of food at about 150 million dollars, but these imports will not come entirely from America.

Our cotton industry requires about 1,100 thousand bales of cotton, the value of which, delivered in Havre, is figured at 200 million dollars.

Our plants require about 100,000 tons of copper which will cost us about 70 million dollars.

Our consumption of oil and gasoline will probably reach a total of 75 million dollars.

The above items bring us to a figure of about 500 million dollars to cover our needs for the year 1920.

We must add to this our requirements in chemicals, tobacco, metallurgical products, fuel oil and coal amounting altogether to from 100 to 150 million dollars, without counting various other articles that will be imported in the course of trade.

The rise in the cost of raw materials and the increase in ocean freight rates have already imposed a heavy burden upon France. The rise in exchange that has taken on altogether extraordinary proportions within the last few months threatens to make the cost of material delivered in France almost prohibitive.

It is to improve this condition that we must devise means.

## EXCHANGE.

Depreciation in exchange is not an isolated phenomenon. It is the visible sign of unfavorable economic conditions and of insufficient means of payment available for the nation suffering from the depreciation which is itself a consequence of insufficient production.

It is therefore out of the question to devise artificial remedies, however, ingenious they may be, such as the creation of the international currency, for instance. In such cases innovations are dangerous. In trying to cure

the malady of one we must be careful to avoid spreading contagion to others.

The danger lies in making general that rise in the cost of living which causes endless suffering among all peoples.

What we must do to improve the exchange is:

First, to improve the internal economic conditions of the country.

Second, to procure means of payment through appropriate financial measures. That is one of the chief problems that confronts the new French Parliament which will be elected soon.

By means of new taxes, by issuing loans at home and abroad, the French State must get into a position that will enable it to reduce its debts to the Bank of France and decrease the circulation of banknotes.

The present circulation is over 7 billion dollars, unquestionably an excessive figure. Before the war the circulation of bank notes in France had been kept for several years within about 1 billion dollars. There was, moreover, in circulation 600 million dollars in gold coin, which has since been withdrawn. The total circulation that met commercial needs was thus about 1 billion 600 million dollars.

We admit that the general increase in prices justifies an increase in this figure and that a circulation of from  $2\frac{1}{2}$  to 3 billion dollars is not too great under present conditions. As the French Government owes the Bank of France 4 billion dollars, it is apparent that with the payment of this debt, circulation will be reduced automatically to the acceptable level.

Nor can we fail to mention the important help which the Bank of France rendered its country during the war.

Through skilled financial arrangements with our Allies, by using part of the gold reserve which had been increased for that purpose and by patriotic appeals to the French public, the Bank of France was in a position to negotiate very important credits for the French Treasury abroad and so to protect our exchange for several years.

During the difficult hours of the war, this vast institution placed at the disposal of the State all the means of payment it required and the backing of its long-standing credit.

Today, changing roles, the State has to place itself in a position to repay the Bank of France. By so doing it will contribute to a large degree to the improvement of the exchange and will make the task of this great institution easier in supporting our trade and our industry. This support is more indispensable than ever during the period of reconstruction upon which we are now embarking.

A factor of no less importance is the increase in production of all kinds in France and its colonies. This increase will have to include agricultural products, raw material, fuel, ore, and manufactured articles that are to be produced in such large quantities as to make it possible for France to meet her domestic requirements to a large extent and to recover the place on the foreign market that is really hers. Shortage of production causes the sufferings of the world.

It is up to men like these who are gathered here to repeat to the world the laws of modern production. They have the right to do so since they have learned them from long experience.

Production does not depend upon the workingman alone. A weaver in India produces barely several inches of coarse cloth as a result of an entire day's work.

Production does not depend upon the "ingenieur" alone. Without capital he cannot realize his machines.

Production does not depend upon capital alone. Capital without the workingman and the ingenieur would be sterile.

Production depends rather upon the harmonious combination of workers, technical knowledge and capital. It is the fruit of these three elements.

In order to have work well paid, its output must be large. Human effort must be directed and coördinated through the intelligence and technical knowledge of the



head of the enterprise. Production must be multiplied by the use of the machine, which is the fruit of capital.

Every increase in wages that does not carry with it a corresponding increase in production raises the cost of living. It is but a deceptive phantom. When everyone will be brought to the realization of this point, it will mean that the chief part of economic difficulties has been solved or at least lessened and that an important step forward has been taken toward social progress.

#### MEANS OF PAYMENT.

To obtain an improvement in the exchange, we must devise measures to increase means of payment. The first idea that comes to our mind is to resort to commercial credits abroad. These credits have been used at different times during the war for private transactions of little importance and also for collective operations with the backing of powerful groups of financiers.

Commercial credits will undoubtedly be used again in particular instances but the length of these credits, even if they are renewed several times, is comparatively short.

Short maturity would not allow the French importer to count legitimately upon the return of the exchange to parity before the repayment of his credits.

After a minute consideration of this question, it is our opinion that, in view of the period required for the restoration of France 10 years would be the minimum duration for credits that are to be extended.

Now, credits of this nature cannot be extended by banks as they would impair the liquidity of their assets. These credits must accordingly be obtained either by borrowing directly from the government or by issuing long-term securities to be taken by individuals or corporations.

During the war, credits were obtained in the form of loans from government to government. It is not up to us to say whether it would not be wise to employ similar methods for limited quantities in specific cases, as, for instance, in supplying France with foodstuffs and

raw materials, which would be imported under the control of the French Government during the period of reconstruction.

To issue French securities on the American market would be the best method, beyond all doubt, of providing France with the means of payment she requires. These securities could be issued either straight to the public or through the intermediary of American corporations that could issue their own bonds against foreign securities which they would keep as collateral.

Moreover, you cannot get away from the fact that for a country in which exports exceed imports by a huge difference, it is absolutely necessary to make foreign investments.

A country in such a position cannot insist upon receiving gold indefinitely from its foreign customers. Such an influx of gold would become useless as soon as its gold reserve would exceed the needs of its trade.

On the other hand, insistence upon payments in gold would result in impoverishing the importing country financially, in impairing its credit and consequently in depriving it for the future, of every other means of payment.

Investments in foreign securities, on the contrary, when safely made, can be considered a supplementary gold reserve, but one which bears interest. It affords the best means of regulating exchange, as the "arbitrages" of securities between foreign markets will always occur at an opportune moment to limit fluctuations in exchange.

Both England and France had made foreign investments before the war, which proved the chief element of their financial strength. We are at liberty to say today that these foreign investments alone enabled these two countries to carry the war against Germany to a successful close.

Because the rapid development of the United States required so much capital before the war, this country employed all its resources at home. It was rather a borrower than a lender.

However, the situation is reversed now. During the war capital kept piling up, so that many economists and financiers are of the opinion that Americans could easily invest abroad. I share this opinion and believe that this investment could be effected without difficulty as soon as the American public can be brought to realize the advantage of it, and as soon as American banks have developed the necessary organization for selling large amounts of securities to the public.

Such organizations, when well-planned, are known to yield amazing results. In this way one of our large banking institutions in France sold securities amounting to 27 billion francs, that is,  $5\frac{1}{2}$  billion dollars, for the French Government since the declaration of war.

The United States has now an exceptional opportunity to start similar investments. The best possible securities are offered it from the entire world upon exceptional terms.

As far as French securities are concerned the temporary depreciation in exchange adds a particular speculative attraction for Americans to acquire them.

France can offer the United States securities of various kinds, such as Government bonds, French obligations, industrial securities or foreign securities from Central and Eastern Europe.

Government bonds and bonds of railroad companies or other large corporations—Credit Foncier or Credit National pour la Reparation des Dommages de Guerre—are particularly interesting securities for Americans.

The improvement in the financial situation during the last few months, the wide distribution of securities—they are now held by more than seven million people in France—as well as the fact that French “rentes” enjoy a very broad market, should make them worth the special attention of the American public.

By subscribing to these loans or buying these securities at the present rate of exchange, American capital actually associates itself with French interests, as it will



benefit by the economic betterment of France which will in turn bring about an improvement in exchange.

French industrial securities should be equally attractive to the American investor, as they will increase in value in proportion to the economic improvement of France. They usually yield less than the French "rentes." The lesser yield is made up for by a steady increase in capital value because the quotation of these securities takes into account the amount of reserves that is put aside yearly out of net profits, and thus increases steadily.

Finally, France owns a large amount of securities of Eastern Europe. It would greatly assist the development of these countries, which offer such brilliant prospects, if our French business men could be associated there with Americans and give them the full advantage of their past experience.

France, during the great struggle which has just been brought to a close, has not alone seen the flower of her youth fall in battle. For the freedom of the world she has recklessly sacrificed a vast part of the wealth she had accumulated as the fruit of centuries of toil and stinting. She still retains her valiant people, her fertile soil and her soft skies.

She will rebuild her railways, improve and restore her equipment and manufacturing plants.

Victory gives her renewed force.

The future opens up radiant before her in this rejuvenated world wherein she is determined to retain her place.

Nevertheless, viewing the immensity of her task, France is cheered to feel coming toward her from all corners of the earth that same warm sympathy which pervades this assembly of those who were her brothers in arms of yesterday, her companions in toil today.

She is confident that America, who comes out of the struggles more powerful, more united and wealthier than ever, will stand by her side. The most severely stricken of all, she must of necessity, for a certain period of time,

devote all her energy to healing her wounds; but, during this time, she trusts that America will supply her with the raw materials and the equipment she requires for immediate recuperation.

France is confident that America will follow along the path we have just indicated and will actually take practical measures to postpone settlement until the forces of France have been fully restored.

If this should come to pass; if America, broadening her scope of activity and extending it to other nations should give to the exhausted world the support it awaits, our task would be much simplified in attaining in each country the coöperation of all social classes which tends toward the organization of production and in attaining among nations the coöperation that will promote an exchange of ideas and services.

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### AFTERNOON SESSION.

FRIDAY, OCTOBER 24.

Mr. Rhett, in the chair, said:

*Ladies and Gentlemen:* The program this afternoon will begin with a presentation of the position of Great Britain by one whose name is almost a household word in the financial districts of this country, a man in whose judgment the people of this country have almost as much confidence as the people of his own, the president of the Bank of Liverpool, Sir James Hope Simpson, whom I now present to you.

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Address of Sir James Hope Simpson,

*President of the Bank of Liverpool, Liverpool, England.*

*Mr. Chairman, Ladies and Gentlemen:* I would like first of all to express my warm thanks to you, sir, for the

kindly words in which you have introduced me to this audience; and I would like to express to all of you my thanks for coming to listen to the story which I would like to tell you about conditions over in my country. I might say that I have had personally the great advantage of traveling, for a little bit, through some of your industrial districts. I have learned a great deal; I have seen much of your industrial life, and I am very much struck with several things. I am very much struck with the great optimism and courage of your business men. Every one has a belief in himself; every one has a belief in his firm or his corporation and in his own city and state. I assure you that coming from a country where we are a little too apt to depreciate ourselves, it is a very great incentive to me. It sends me back to fresh courage and fresh determination to do the best for my own city, my own undertaking, my own state.

I wish to explain that, although I represent the British banks at this Conference, any views that I express today or any statements that I may make are given entirely on my own responsibility and I am speaking naturally as a banker. There is a curious distinction, apparently, which I have heard in America more than once from the platform, between business men and bankers. It reminds me of the curious distinction that was made in one of the New York papers, I believe, some time ago, describing a shipwreck. It was announced that thirty-nine souls were lost and two men from Hoboken. Now, I do not know whether I belong to the lost souls or to the two men from Hoboken; but I come before business men because I feel that the interests of the banks are entirely bound up with the interests of the business men.

Now, I would like to express, may I say, on behalf of our whole delegation, the great thanks we owe to America as a nation for their magnificent contribution to the Allied cause. We had many thrills during this war; we had our times of exultation and our times of disappointment; but I think I never personally experienced a greater thrill than when I looked out from my office window at



Liverpool and saw the first contingent of the American army marching up the street. It was a sign and a foretaste of the great and stupendous help which you brought to the service of our cause. I also remember, and I shall never forget, how I stood one day this summer in a little cemetery on the outskirts of my city and there were row after row of little mounds, and at the head of each mound a little cross, and on each little cross the name of a man, and below it the name of his regiment and the state from which he came. As I read the names of Texas, Tennessee, Louisiana, and Massachusetts and all your states I felt that those men, although they had died in England, or on the way to England, before ever reaching the battlefields, had given their lives to the cause which was dear to us and dear to you. When I think that those graves were only a mere fraction of similar graves scattered all over the French front I began to realize the debt that we owe to the people of this country.

We owe also a great debt to you for your financial support before you came into the war. That support was valuable to us, but it was naturally hedged around by your obligations as neutrals. After you came into the war your resources were freely placed at the disposal of the Allied cause and nothing in the whole war contributed more to the ultimate successful issue.

There is one other great contribution which you made to the cause, and that was this: You brought to it the assurance and conviction to the whole world that the cause was right. Nothing but the righteousness of our cause could have induced America to depart from her lifelong traditions of non-interference; and, inasmuch as there were in all countries of Europe wavering minds who had doubted all through whether the war was righteous, it was of very, very great value to us all to feel that, taking an independent view, and taking a view with extreme reluctance, but with strong conviction, America was persuaded that our cause was right.

With your permission and on behalf of the British delegation, I should like to thank the other nations which are

represented at this Conference. We shall never forget, and neither will you, the enormous sacrifices of Belgium, France and Italy and all the other Allies who joined with us. We shall never forget those countries which, though not represented here, deserve a high place of honor at this and every other Allied Conference. Those are the countries, too stricken by war, too devastated to join with us just now. Serbia, which, I suppose, has really suffered more in proportion than any other of the Allies; Montenegro, little Montenegro; Poland, Roumania—all our Allies everywhere—I wish to pay a tribute to them and I am sure that you will be glad that I have done so.

It is not for me on this occasion to say anything in praise of the work of our own Army and Navy. If I did I should spend the whole afternoon; but it is the silent work of that navy, the bravery of that great army and their constant enthusiasm in the midst of defeat are written in golden letters on the shining pages of our island story and it is not for me to add anything to the glory which they have earned.

So, after these preliminary remarks I would like to turn to the subjects with which I am perhaps more familiar, and those are the conditions of Great Britain during and after the war. I would like, first of all, being a financial man to speak of the financial upheaval which took place at the opening of the war. At that time London was the great lender, the great banker for all the world. When the war broke out and the lenders, the bankers of London, began to doubt as to whether the money which they had advanced to the rest of the world would be repaid they began suddenly to shut off the stream of credits. There was no other big lender in the world ready to take the place of London. New York was itself indebted to us; Vienna was closed by the war; Berlin was closed; Paris was closed; Amsterdam had enough to do; and so it came about that the mere cutting off of the stream of credit created a great financial crisis in the city of London. It was feared that the bills which were expected to be met would not be provided for and a great

anxiety began to fill the minds of all the men in the money market. It was at that time and to meet that condition of things that our government and our financial men got together and devised those great measures of relief of the market which carried it through that extremely grave crisis. It was also at that time that our government decided that they would withdraw from circulation the great stock of gold lying in the purses of the people and in the strong rooms of the banks. That reserve was not an official reserve. We had an official reserve, the figure of which was well known and announced at our center in the Bank of England. But we had a very valuable reserve in the pockets of the people and in the other banks which amounted altogether, it is estimated, to over one hundred and twenty millions sterling. That gold was gradually withdrawn from circulation and formed, during the early years of the war, a valuable instrument in the hands of our government in the Bank of England for the settlement of international debts. Of course, that had to be replaced and it was replaced by the issue of what we call treasury notes, which are one-pound notes and ten-shilling notes. These are now in common use throughout the country for all purposes of domestic and business payments. A great deal of criticism has been leveled at our government for not supporting those notes by a large stock of gold. Why have they not done so? Because the gold could not be gotten. We have a small stock of gold amounting to about eight or nine per cent of the total issue, but that is not enough on ordinary banking principles, and it is not pretended by the Government that it is enough. The time will come, I hope, and it is the hope of all the bankers of England, when gold will be accumulated sufficient to redeem all those notes. Because that issue of notes was very large, being about three hundred and fifty millions sterling, it has been charged that it has actually caused the great inflation of prices that has taken place in our country. I venture to dispute that. In the first place, we had to replace about one hun-



hundred and twenty millions of gold. In the second place, every worker in the country is now receiving as much or more in the form of wages as he did before the war and is, accordingly, carrying more loose money in his pocket. In the third place, and this is no inconsiderable item, these notes found their way far out into the world. They are now circulating in Egypt, in the Levant, Turkey, on the borders of Russia; and when the Germans were not able to persuade the Russians to accept their mark notes they had to employ the Bank of England notes, British Government Treasury notes and United States dollar notes. Therefore, it appears to me that if you take all those things together there is not much inflation about that currency issue.

The next great financial consideration which came before us during the war has been the perpetual recurrence of the issue of British Government loans. In England we have gone through exactly the same sort of experience that you have gone through in America with the floating of your Liberty Loans; and we have gone through it, I am glad to say, with similar success, and now there are in the hands of millions of people government stock and war savings certificates. The result is twofold. In the first place, a great part of our national debts, by far the larger portion, is owing to our own people, and not abroad. In the second place, a saving spirit has been inculcated into the minds of many people who never thought of saving before.

The next feature of the war which immediately hits us all was the rushing of men to the colors. To give you an illustration of what that means, I had a thousand men employed in my bank; 650 of those joined the colors and our experience was by no means singular. But the result was that industry was very largely crippled. In our extremity we turned to quarters to which an anxious man often turns—to the women, and the women saved the situation. Gradually we accommodated ourselves to that great disturbance and displacement of labor.

The next disturbing thing was government control of

business; and I do not think that many people now "God bless the Government control." I think, of all the puzzling things in the war, government control was the worst, and there is a strong movement now in the country to get rid entirely of those gentlemen whose services were eminently necessary—I do not deny that—eminently necessary during the war, but whose services can now be quietly and readily dispensed with.

Then we had some things which came very near home. We were pretty soon threatened with a shortage of fuel and with visits from German airplanes and airships. Those two things combined required that we should economize our light and that we should screen our lights. The result was that in practically every home there was only one room used for all purposes. There were no lights left on when you went to bed and you always kept your blinds down. If you did not, the police were on your track. When you went abroad the streets at night you could not see your way. Again, we had to economize in fuel; and, of all the economies, I think that perhaps was the most difficult and hit a great many people very hard. We had to economize in food. For two or three years the limit of meat allowed to any one person was two pounds per week; sugar, half a pound, butter, two ounces; and that sort of thing still to a certain extent prevails, and I told, will prevail in all its acuteness in the coming winter.

But the great overshadowing interest and anxiety of the war was that whenever there was an advance or whenever there was a retreat, or whenever our men would fight and hold their own, sure enough in a few days telegrams began to arrive from the war office in one home after another that boys who were the center of the affection and interest of the home had been killed and, in course of time, all that was left in place of them was perhaps the photograph taken before he went away and a photograph of the little grave in France. It seems to be a very painful thing when one man after another whom you met had lost his son, one lady after another whom you met had lost a son. Some people lost two sons; others

whom I know lost three. In other cases whole families of sons were wiped out, and when you take into account the fact that we sent six and one-half million men to the colors and that of those a million were killed or died of wounds, you will see that there are not a great many families in England who have not to mourn the loss of those who were dear to them. And then the anxiety about public affairs and the course of the war was very great and many a time I have repeated to myself those fine words of the Roman poet who said, "Remember in the midst of difficulties to preserve a steadfast mind," and that was what we had to do. We had to work under that burden for four and one-half long years. Of course, our men were constantly being wounded, and you cannot go now into any city or town or village of our country without meeting mutilated men who, but for the war, would have been the strength and backbone of our country in the time to come. And so you will well understand the great relief and rejoicing with which we welcomed the armistice. And yet I venture to say this: That if England had known the experience through which she was going to pass, if she had known it in advance, it would have made no difference whatever in her decision to go to the relief of France.

And now the curtain has been rung down on the proud struggle of war. How do we stand in Great Britain? I should like to refer first to our national debt. Our pre-war debt was about three and one-half billion dollars. It is now thirty-eight billion dollars. Of this we owed at the beginning of the war nothing abroad. We now owe seven billion dollars. But against that seven billion we have to set this fact: There is owing to us by our own colonies and by foreign countries about nine billion dollars. Now, I want particularly to note that I am not authorized to say anything on behalf of our government, but, speaking as a citizen, a private citizen of the British Empire, I do not hesitate to say this: That while we shall require time to pay our debt, it will be paid. The nation is determined to set our finances in order and to foot the



bills. The nation must follow the road of sacrifice and hardship, but it is the road of honor and safety. That is all I wish to say about government functions.

With regard to the general commercial conditions in Great Britain I should like to try to present in a few sentences a sort of balance sheet of our losses and our gains. The first loss I would name is that we have lost five years of the economic development of the country; for five years the ordinary replacement of worn-out materials, machinery and so on has had to go by the board. The replacement of merchant ships has had to stand over. The savings of the people, which would in ordinary course be devoted to the development of commercial enterprise, have had to be devoted to warlike enterprise. But against that great loss we have to set one great and possibly a counter gain. That is a great increase in the class of machinery which was required for the manufacture of munitions of war. That is very largely confined to an increase of machinery in our engineering works. To some extent it meant also an increase in the machinery in our textile factories, and I think, on the whole, it may be taken that the increase due to war requirements is a good set-off to the absence of the usual economic saving and development. Then we lost some of our foreign investments and our loss was your gain. We found that we owed a lot of money in the United States and we wanted to pay it. Therefore, all the holders of dollar securities, the bonds of your railways, the bonds of your public utility corporations and other various securities were called in by our government and were either borrowed by them or purchased by them and sent over to this country in order to help raise the money and to pay off a good deal of our indebtedness here. Therefore, there is now lying in the vaults of your banks and there is held by individuals and companies throughout this country the dollar security, which formerly formed part of the investments of our people at home. It is estimated that at the beginning of the war we held about twenty billion dollars' worth of foreign investment, but owing to the cause to which

I have referred we now hold only fifteen millions, and inasmuch as we used the interest on those investments for the purpose of paying for imports abroad to the extent of the loss of interest, we are crippled for the future. Then we had a vast rise in prices, including the prices of raw materials, machinery, food and clothing. That rise of prices affected every family in the land. It led to an enormous disturbance in the wage market in all salaries. It led to great inconveniences on the part of wives who had to look after their families, and the family provisioning. It has led to one problem after another at home which still have to be solved; and, of course, it led to the very vital consideration that everything that we buy abroad in the form of raw materials for the purpose of reproduction and for exports has raised the cost against us; but now that we are actually manufacturing and getting again into the export markets we shall gain a corresponding rise in the price we shall obtain for our exported goods.

We had an enormous loss of shipping. We lost a very large quantity of shipping, not only by natural causes, but by German submarine attacks; and when you realize that shipping is the life of our island country you will realize that we cannot sit down under that loss. Against that loss I have to put this That already our shipbuilding yards are full of new merchant steamers in process of construction and we hope in course of time to overtake the terrible losses which we have suffered during the war.

Now, this has a distinct bearing upon the question of the American mercantile marine; and I would like to say at once that we welcome the entry of America on a large scale, a much larger scale than heretofore in the marine carrying trade of the world; that we hope her great gains in that direction will be maintained, for we regard America as one of the most honorable competitors we can have. You can well understand that if a choice were put to us between German competition and American competition there could be but one answer to that question. I think I represent the views on this occasion of all the

British delegation when I say that there is room for both of us on the high seas, and there is plenty of stuff to carry. The more ships each of us have to carry it the better for the world.

I would like to refer for a moment to labor unrest. We find ourselves, owing to the war, in a very difficult position in regard to labor. I will not cover the ground which was so well covered yesterday by Sir Arthur Shirley Benn, but I would like to confirm from my own experience and inquiries that what he said when he said that there seems to be, in spite of all the strikes which you read, there seems to be growing up a distinctly better feeling between masters and men. There seems to be a recognition on the part of labor that restriction of output is a national calamity and a recognition on the part of the employer that the workmen must have a greater share than heretofore in the profits of his work and in the social of life. When you get that attitude on the part of both employer and the employe I do not think it will be beyond human skill and wisdom to find a means of solution to the difficulties which still confront our country. Of course, we have had an awful loss of labor through the death of so many young men, but, as I said before, we have discovered a great reservoir of strength in the form of female labor, and when you take that consideration and add to it the fact that we are well equipped now with machinery of all kinds, especially that we are employing more automatic machinery than we did before, I do not think we need to be anxious in England about the future of the labor problem.

Finally we are faced with very heavy taxation. I think that every one in England will be poorer than he has been. At any rate, during the rest of my business life I cannot see any chance of relief for the taxpayer. But I feel that if we are to carry out, as I knew we will, what I have called the setting in order of our national finances, every one of these taxpayers will have to bear a greater burden than he has ever contemplated, and a greater burden than he can with comfort bear. However, it will have to be



borne and it will be borne, I hope, with cheerfulness and with resignation.

Summing up the whole thing—I try to make that balance sheet in an informal way—summing up all I think it comes to this: That we are justified in the strong conviction that we shall recover our war damages, that we shall recover fairly rapidly; but it will entirely depend, as Mr. Alexander, the chairman of your Finance Committee, said upon working and upon saving upon the part of the individuals of our country; and I feel with confidence that a country which has already passed through many a severe crisis will not succumb to the present crisis and that we may look forward with confidence to our economic future.

We came here partly to tell you our needs, and I am glad to say that our needs can be summed up in a very short sentence. We need the continued supply of your raw materials and all we ask that you shall continue to show the confidence in individual business men that you have hitherto shown. If you found that you could trust them in the past, we ask you to trust them in the future. I will give you an illustration of the meaning of that. A cotton merchant importing into Liverpool cotton from the United States has to take into consideration what that cotton will cost him. He naturally does that before he orders the raw cotton from you; and I ask you to believe that when he places the order with you, however adverse the exchange, however high the price of the cotton, that you may assume that he has made his arrangements for paying for that cotton, that he would not have ordered it unless he had seen his way to meet the bill. Therefore, I say we ask that you shall continue to supply your raw material to our individual merchants and importers in a normal and usual way. But we are not asking on behalf of the commercial community of Great Britain for any other special form of credit.

Now I pass from the question of England or Great Britain by itself just to say one or two words, if you will allow me the time, about a few other countries of Eu-

rope. I shall not refer to France, or Belgium or Italy who are represented here. But, I should like to say one word about our relations, our economic relations with Germany. Before the war Germany was our greatest customer. We exported to Germany and imported from her, roughly speaking, about one hundred and sixty billions sterling of goods on each side of the account. On every export we made and every import we made we expected to make a profit. On every import they made and every export they made they expected to make a profit, and no doubt the business would not have been done if it had not been profitable on both sides. Now that great market has been cut off from us and our great market has been cut off from them and the question is how soon will those markets be reopened to one another? I venture to say that the atrocities committed by the Germans wherever they went, especially their atrocities upon helpless populations, upon women, upon girls, upon prisoners—the memory of this has sunk too deep into the British mind for us readily to resume commercial intercourse with them. No legal impediment will be placed in the way. It is possible that transactions may be begun sooner than I expect, but such is the temper of our people at present that I am afraid the initiative will not come from them. I think it will require a good many years before we can get to such a stage as to practice the precepts of our Master, Christ, and forgive them completely. I, therefore, look for no rapid revival of the German trade. Again, we have had a good deal of trade with countries not represented here but which have been faithful Allies of our cause, such as Poland, Finland, Czechoslovakia, Roumania, Jugo-Slavia Republic, Serbia, and Montenegro. We agreed to do business with those people because we feel that they deserve it; and we cannot do business with them unless we trust them and give them long credits. A certain amount of business is passing already between us and them, but it is business involving short credits which had happened to be easily arrangeable. But they will require for the restitution of their

countries credits for much longer periods than we in England with our own present financial obligations can undertake to supply. We used to be free lenders to the whole world even for long terms; but when we owe the world so much ourselves it is not for us to continue that policy. We can only resume that when we have met our own international obligations. Therefore, with the greatest deference and without any desire to interfere in American concerns, I would like to suggest that the provisioning of those countries, needing as they do, all possible supplies and materials; needing as they do raw materials; food, clothing, tools and machinery before they can resume their normal life is at once a challenge and an opportunity for America. Credit is required on a large scale and if it were forthcoming at once it would be of untold benefit to those war-stricken people. There is a beautiful illustration in one of the old prophets where one reads of a river that issued from the sanctuary and spread over the plain and brought life wherever it went and of which the prophet says that everything shall live whithersoever the river cometh. And so I venture to say it is that stream of credit in the case of those people. If they were to receive credit, credit in the form they need, materials of the kind they require, materials to help them start on the work of reproduction themselves, I say that that stream of credit would bring life and hope to those nationalities at present downtrodden and dejected and hopeless. Surely it is worth the consideration of this Conference and I believe it is receiving at the hands of your Finance Committee the earliest possible consideration. It is worthy of consideration to try to ascertain whether it is possible to respond to that challenge and to embrace that opportunity.

In closing I should like to say that my colleagues and I have been greatly cheered by this Conference. The intercourse of business men of various nationalities and especially in the intercourse of men of the hopeful spirit of the American business men is a great encouragement and delight to us and we shall go back to our countries



enthused and inspired. I am glad to say that we can look forward to a renewal of our intercourse because I understand that this Conference is intended to be a recurring event; and we hope that either in Europe or here at some future time or times we men who are here today may have the pleasure of meeting all of you. One further advantage of that recurring intercourse will be that it will tend to equip us and inspire us all with the high mission to which the business men of this after-war generation are called. What is that mission? It is nothing less than this: It is nothing less than by the tranquil operation of commerce to bring peace to the nations of the world, to introduce into every home, great or humble, the means of living and the objects of delight and pleasure. It is nothing less than to provide for every man honorable work so that there shall no longer be any man standing around idle because no man has hired him. It is nothing less than this: That we are called today to bring a salve or ointment for the grievous wound of the world; to help to restore the world to a life of happiness and prosperity.

*The Chairman:* I am sure that I voice the sentiments of all of this great gathering when I express its thanks and appreciation to Sir James for the splendid address he has given us. It has been a great source of gratification to us that Great Britain needs nothing from us; that she is prepared to go on and do business with us in the same old way and upon the same old terms. We knew, my friends, that she went into this war in the very beginning with her whole heart and soul; that at the opening of the war she exposed her whole territory and threw her own "contemptible little army" into the breach and saved the channel ports and the communication between the armies. We knew that while no portion of the battlefield on land was in her territory, yet on the sea she lost more than all the other nations combined and we did not know just to what extent her resources had been taxed.

It has not only been a source of gratification that she

is prepared to go on and do business with us, but her delegation has been of infinite assistance to us in bringing closer home to us the picture of Europe as it is today; the condition of those nations who are not here represented and what we would probably have to do to rehabilitate them. And so we want to extend not only our thanks to Sir James, but to every member of that delegation for their help to us in this Conference.

#### REPLY FROM PRESIDENT WILSON.

And now gentlemen I want to rejoice with you and read to you a communication which has just been handed us from the White House, a communication from Mr. Tumulty in reply to a letter from Mr. Bedford from the Conference:

*"My Dear Mr. Bedford:* Let me make cordial acknowledgment of your letter of October 22nd and in the President's behalf thank you and through you the delegates to the International Trade Conference for the generous message of sympathy and good will which it transmits in their name.

*"You may be sure that the President would be cheered and heartened by this friendly greeting.*

*"Sincerely yours,*

(Signed)

*"J. P. TUMULTY,  
"Secretary to the President."*

Address of Commander Domenico Gidoni.

*Representative of the Italian Minister of the Treasurer.*

*The Chairman:* We are going to hear from the representatives of the Commission from Italy. I do not know whether Italy won our admiration more in the hours of her trial, in the fortitude, the manner in which she withstood it, or at the time of her triumph when she drove her armies into the enemy's territory at the end. Certainly she has our deepest sympathy and our deepest regard.

Her cause is to be presented to you this afternoon by a man who is eminently qualified for that purpose. He was a financial representative of the Italian Government in England during the war. He is at present the representative, the financial representative of the Italian Government in this country, Commander Domenico Gidoni, and I beg to present him to you.

Commander Gidoni said:

*Ladies and Gentlemen:* It is a great honor and at the same time a pleasure for me to speak today before this assembly, representative of the intellect and strength of the new era of Peace.

In taking the initiative in calling this conference the United States Chamber of Commerce has laid the foundation stone on which the edifice of the renewed economic life of Europe will arise.

I am confident that our debates will lead to effective results, for experience has taught me that you Americans, with that spontaneity and rapidity of action which characterizes you, know how to prove your friendship by deeds as well as by words.

In June, 1917, the rate of exchange for the Italian lire was almost as low as it is today. Well, it was essentially, thanks to the material and moral assistance afforded us by the Federal Reserve Board, and to the cordial coöperation of the American banking institutions, that we were able to improve its position and stabilize exchange.

As the delegate to your country of the Bank of Italy and of the National Institute of Exchange, I take this opportunity to express our gratitude for what was done on that occasion on behalf of my country.

The state of exchange is one of the gravest problems of peace. It pictures graphically a nation's financial condition, of which it is the most visible sign. A depreciated exchange is directly injurious to a country in its commercial relations with other countries whose exchange is at a premium. When the rate of exchange passes the "gold point" and there is no possibility of meeting external



debts in gold, so as to bring exchange to the normal, a further depreciation can not in any effective way be halted.

There is one initial cause for this depreciation below the "gold point," that is the inability on the part of the country which has depreciated currency to pay its foreign debts either in gold or commodities of trade.

The degree of depreciation depends upon material and psychological factors.

The material factors are the amount of paper currency and gold reserves, the country's debt, its balance of trade.

The psychological factors are the valuation of economic resources, political and social conditions, latent national forces, and the forecast of future prospects.

This is why countries which are all equally unable to settle their foreign liabilities in gold or goods, and so are all technically on the same monetary plane, still suffer in various degrees from the depreciation of their currencies.

The pound sterling, for instance, has depreciated much less than the franc because both material and psychological factors are favorable to England, where a rapid return to the normal is more certain. Compared with the pound sterling and with the frank, Italian exchange has fallen to a lower level because of certain less favorable factors.

As soon as the restrictions in force during the war were removed, in March, 1919, the exchanges of the beligerent countries of Europe quickly and violently receded in comparison with the dollar.

*New York Market—Average Monthly Range of Rates.*

|                 | Pound Sterling<br>Normal Rate<br>Exchange | Franc          | Lire           |
|-----------------|---|----------------|----------------|
| 1918.           | \$4.8665=£1.                              | \$1.00=5.1813. | \$1.00=5.1813. |
| November .....  | 4.757                                     | 5.430          | 6.360          |
| December .....  | 4.757                                     | 5.454          | 6.363          |
| 1919.           |   |                |                |
| January .....   | 4.758                                     | 5.458          | 6.368          |
| February .....  | 4.758                                     | 5.465          | 6.366          |
| March .....     | 4.758                                     | 5.465          | 6.366          |
| April .....     | 4.672                                     | 5.745          | 7.056          |
| May .....       | 4.659                                     | 6.385          | 8.095          |
| June .....      | 4.611                                     | 6.385          | 8.295          |
| July .....      | 4.255                                     | 7.706          | 9.137          |
| September ..... | 4.195                                     | 8.635          | 9.830          |

The French student of finance now faced with the question whether the depreciation of the franc is not in part due to the repatriation of English and American soldiers, who, during the war, received and spent in France very large sums in cash.

The sudden fall in exchange is, comparatively speaking, much more serious in the case of Italy, and she must consequently bend all her energies to solve it as soon as possible.

Before the war the economical and financial condition of Italy was good and tended to constant improvement. The 3½ per cent Government bonds were quoted above par. Fifty-seven per cent of the paper currency was covered by the gold and silver reserve, and the lire was at a premium.

But serious as present conditions may be, the productive energies of Italy have not been destroyed by the war is responsible for a great development in Italian industries, which are now being rapidly placed on a peace basis, and are being built upon strong foundations.

The principal factors that materially affect fluctuations in exchange are, as we have seen, the paper currency, foreign debts, and the unfavorable balance of trade.

The paper currency of Italy, of the Government and of the banks, is now 14,000,000 lire (\$2,800,000,000) made

up as follows: 10,000,000,000 lire (\$2,000,000,000) for account of the Government; and 4,000,000,000 lire (\$800,000,000) for legitimate banking transactions.

A compulsory loan, which has already been decided upon by the Government, will considerably reduce this figure within a short time.

The export and import trade of Italy shows today a very unfavorable balance for our country:

|              |                    |                   |
|--------------|--------------------|-------------------|
| In 1915..... | 2,170,000,000 lire | (\$434,000,000)   |
| In 1916..... | 5,300,000,000 lire | (\$1,060,000,000) |
| In 1917..... | 5,400,000,000 lire | (\$1,080,000,000) |
| In 1918..... | 8,000,000,000 lire | (\$1,600,000,000) |

The measures now adopted to limited imports of raw materials and of articles strictly necessary to the physical and industrial life of the country will have their due effect.

Before the war—1910-1914—the foreign trade balance was against Italy and varied between 1,000,000,000 lire (\$200,000,000) and 1,300,000,000 lire (\$260,000,000). But this was more than met by the remittances of immigrants, and by the money spent by foreigners in Italy, which, of course, ceased during the war. So we explain the fact that, in spite of the heavy imports of coal, grain and other raw materials, Italian exchange was then above par.

We cannot say today to what extent Italy's monetary balance will continue unfavorable, because it depends partly upon the development of our foreign trade, partly upon the payment of war indemnities owed by Germany and Austria, partly upon the plan to be adopted for the amortization of Italy's debts to the United States and England and partly on the granting of long-term credits. Nevertheless, although we cannot prophesy with certainty, there are certain facts from which we can obtain a comprehensive and approximate idea of the coming situation.

Italy's total debt on July 1, 1919, amounted to 75,000,000,000 lire (\$15,000,000,000), consisting of:

Internal debt 46,000,000,000 lire (\$9,200,000,000).

External debt 19,000,000,000 lire (\$3,800,000,000).



Government paper currency 10,000,000,000 lire (\$2,000,000,000).

The home debt will be partially reduced, as we have seen, through an internal loan at a very low rate of interest, and in this way not only will the paper currency be diminished, but at the same time the liability of the Government for interest on the public debt will be reduced.

It is worth while to point out that, during the war the Italian Government has constantly met, by new taxation, the payment of interest on its war loan. It will make every effort not to abandon this wise plan in its future policy.

The national expenditure for the fiscal year 1919-1920 is estimated at 9,000,000,000 lire, and old and new taxation will fully cover this amount. In this way the internal financial situation will be placed on a sound basis, corresponding to the economic potentiality of the country.

The debt of Italy to foreign countries is approximately as follows:

England 10,000,000,000 lire (\$2,000,000,000).

United States 8,000,000,000 lire (\$1,600,000,000).

Other nations 1,000,000,000 lire (\$200,000,000).

As to the settlement of these debts, it should be remembered that while France and Italy are both debtors to England and France, England stands as a debtor to the United States and as a creditor to France and Italy. England is therefore in a very much better position.

The terms on which foreign war debts are to be repaid, both as to principal and interest, must therefore be commensurate with the resources of each country. It is necessary for Italy to have long-term credits, besides this, for the payment of imports of merchandise.

However, much Italy may decide to limit her imports to the minimum required by her physical, industrial and social needs, it will still not be possible for her to pay for them in full until she is again producing grain and other staples at the former normal, and until her export trade has resumed and increased its former volume. It

should be remembered that it is not because the importer is unable to pay that long-term credits are required for the payment of imports. He has the cash in hand—indeed, an excess of it. But the difficulty consists in converting at present the lire into dollars and pounds sterling without an extremely heavy and unnecessary loss, and it is this conversion that it is essential to put off until a more propitious time.

For a relatively effective and substantial relief of the present exchange problem, Italy can, as I have said, rely on Italians abroad, who now number about 6,000,000, and who annually remit to Italy about 10,000,000 lire (\$2,000,000).

Even if we take into account the fact that Italian emigration to the United States, owing to the war and other restrictions, will, perhaps, not find as large an outlet as in the past, it is still true that the need of labor is felt in America and that it will make itself felt everywhere. It is, therefore, not over-rash to foresee that the Italian laborer will eventually find abundant and useful employment in other countries.

Furthermore, we may expect that the money spent in Italy by foreigners will reach for greater proportions than before the war as soon as normal conditions are restored. A careful estimate shows that before 1914 foreign tourists spent in Italy over \$100,000,000 annually.

We thus see, that as far as foreign nations are concerned, the two principal measures upon which the settlement of Italy's exchange problem depends are the following:

The payment of interest and principal on the foreign war debts to be made at a convenient time, following the official declaration of peace.

The granting of long-term bank credits on reasonable terms for the payment of imports. So as to guarantee the payment of said long-term bank credits, a syndicate has recently been formed in Italy, of which the leading Italian banks are members, representing capital and re-

serve amounting to \$300,000,000, and holding deposits for another \$2,200,000,000.

If provision be not made to facilitate the payment of imports from the United States, a tendency already manifested here and there in Europe, will be accentuated, for, in spite of a natural reluctance to resume business with Germany and Austria, the merchant will be forced to make his purchases in these countries where his own money is at a premium, and where the price is consequently lower than elsewhere.

Besides the factors above mentioned there is another that has its influence upon exchange: Speculation.

Beyond the gold point, the price of exchange, as I have said, is affected, not only by material factors, but also by psychological factors. The tendency of exchange determined by the combination of these ruling factors, may be accentuated by speculation, which does not create, but merely exaggerates the phenomenon. There is no doubt that more or less legitimate speculation has had free play since freedom of exchange was re-established. Otherwise it would be impossible to explain the violent fluctuations that European exchange undergoes these days in relation to the dollar. These are graphically illustrated in an accompanying chart.

If the money of a country forms a basis for estimating its economic activities, reckoning the national wealth of Italy at 200,000,000,000 lire (\$40,000,000,000 at par value) it would appear that its entire value in terms of American money was on:

September 12, 1919, \$22,372,000,000.

September 16, 1919, \$19,800,000,000.

September 18, 1919, \$20,350,000,000.

Is this showing of the exchange rate rational? Has it a basis of fact?

Is it possible that in the short period of six days such great changes should have actually occurred in Italy as to justify fluctuations so violent and contradictory? How great an effect speculation has on such fluctuations it is not easy to say, but certainly it has had an influence.



Rebelling against the restrictions of the war, banks and bankers immediately after the armistice, demanded the restoration of a free exchange market, declaring that the decline of exchange and the high cost of the dollar would restrict imports and therefore automatically restore the equilibrium of the money market.

But if this war was correct in theory what have been the results in practice?

It is true that in the long run, say in a period of two or more years, the desired equilibrium will be restored. But, in the meanwhile, is it right that the exchange market, involved in inevitable difficulties, should be thrown into yet further confusion by the reckless greed of speculators?

The depreciation of its currency is a serious handicap to the economic life of a country, but the frequent and violent fluctuations of exchange are an even greater evil.

The importer must be in a position to rely on an exchange market of a certain stability, otherwise he will have every incentive to turn commerce and industry into a mere speculation.

It is, therefore, doubtful whether it was a wise proceeding to remove at once all restrictions on exchange dealings. If steps are taken to restrain the vicious practices of hoarding profiteers in order to prevent the rise in the price of foodstuffs and other commodities, why leave in the hands of speculators, almost untrolled, the rate of exchange which is the supreme regulator of prices?

The war has ceased on the battlefield, but it continues in the field of economics and finance. Here the storm still rages with no promise of abatement. It is an error to assume that finance and exchange may be regulated by the methods and standards of peace, only because there are no more soldiers killing each other on the frontiers.

A return to the monopolies and restrictions adopted to regulate exchange during the war is perhaps impossible

today. But I believe that Interallied understandings could be arrived at which would moderate speculation.

It is, of course, impossible to guess how long the economic disorders produced by the war will last, and when the exchange situation will be restored to the normal. There is no precedent in history for this war. Before it the slaughters of Cæsar and Napoleon pale in memory.

Still, there is one positive reason of hope for the future; the undreamed of energy and economic resources which the people of the world revealed in the face of the crisis.

Bismarck, in 1870, thought that he had reduced France to financial impotency for at least twenty years by imposing on her a war indemnity of \$5,000,000,000 francs (\$1,000,000,000). But France paid her entire debt in about three years and within two decades loaned Russia far greater sums.

Spain, on the brink of bankruptcy after the Spanish-American war, in 1898, completely re-established her financial position in a little over ten years.

These precedents are not recalled to deduce from them a prophecy of an easy and quick return to normal conditions. The economic crisis and, tests that must be met as an effect of the war are full of difficulties, but we have a growing assurance that Italy, just as she won the victory of war will also win the victory of peace.

Gentlemen, the bare facts of figures eloquently describe the situation and the task to be accomplished. But the Italian people, which is already setting to work with renewed energy, is determined to restore the economic status of the country and insure its future economic prosperity.

*The Chairman:* We have heard today from the representative of the Secretary of the Treasury, that is, from the Government. We have heard from the representative of each of the foreign commissions. We will now hear from the representative of the bankers of this country. The speaker is one who is well known to most of you. At one time he was the President of the American Bank-

ers' Association. He is now the President of one of our very prominent banks. I beg to present to you Mr. F. O. Watts, President of the First National Bank of St. Louis.

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### Address of F. O. Watts,

*President of the First National Bank in St. Louis.*

The evil effects of the World War are so evident that many are prone to neglect the good results which promise to come from it. This visit of our friends with whom we had the honor to be associated in the titanic struggle for the maintenance of human freedom and representative government, serves to remind us that the foundation structure of liberty and fraternity has been greatly strengthened during the trying experiences of the past five years. It also augurs much for the future coöperation of all enlightened people in advancing the world's civilization.

Coöperation is becoming the keynote of the 20th century, but in emphasizing this social device, we are but tressing the one method by which man has advanced from his savage to his civilized state. The mutual exchange of ideas, the frank and friendly criticism of opposing thoughts, and the adoption of the resulting compromise, has been the method of human advancement from the tribal council of the primitive state to the parliaments of civilized man.

We were, therefore, glad to extend to our friends a cordial welcome, for we knew that they would frankly discuss with us their problems as they understood them, and they do not need any further evidence of our good will and kindly sentiment toward them. They come from the land of our forefathers, and we are bound to them by the ties of human relationships, of inheritance, of trading and of finance. They have afforded us the model



for many of our social, political and business organizations. When the crisis came to their people, we were glad to remit to them in the nature of a deferred payment the debt of obligation which we owe. And we are happy to extend to them whatever additional aid that may be necessary to restore their normal social and industrial life.

The ties binding us together are the product of the centuries of association, and though the subject under discussion, namely, the extension of credit, is one of business character, and, therefore, one which they wish to be treated as such, nevertheless the sentiments existing between the people of the United States and those represented by our welcome guests, do affect the business practice called credit. The people of these war-devastated countries do not ask for alms, for, as Baron de Neufville states: "France does not want charity and does not ask for it. It is a business proposition. It is as such that we ask the American people to look into it." They have not only this fund of self-respect and self-reliance, but also a large equity in tangible property as a basis of credit. The people of England, France, Belgium and Italy still live. The sun still shines on their fertile fields. Their mines still contain the coal and other metals as before the war. Their peoples are patriotic, disciplined, and believers in law and order. Despite the demoralization of the war, they realize that human society has never functioned, and never can function without law and order, the foundation of all civilization and human progress. The peoples of these countries have been industrious and thrifty for centuries of experience in organizing and operating industrial and financial institutions, and have built up all the complicated business machinery for domestic industry and foreign trade. And this patrimony, this heritage of the ages, and product of their own industry, they are prepared to make still other sacrifices *to maintain* in order that it may be handed on in undiminishing glory to their children and their children's children.

The American investor will, therefore, not only consider the tangible assets of the government's guarantees

which they may be able to offer as bases of loans, but they will also consider those intangible resources which reside in the character of the people.

Baron de Neuflize has written that "There is no doubt there are at least one million Americans who would gladly take one French bond of \$100 or more," and "I am perfectly confident," he continues, "that those who want to help us out of sympathy today will find out promptly with true American insight that it is at the same time good business."

Whatever may be the sum which could be supplied on the above basis, there is no doubt that there are not a few investors in our country who are prepared to loan their funds on a basis, partly of actual security, partly of good will and partly on a basis of their confidence in the ultimate prosperity of the people of France, Belgium, Italy and other European nations.

The resources of Europe are very great and being wisely handled will pull Europe out of its difficulties. But we must not reckon these difficulties lightly. Against the assets there are heavy liabilities. Finance and currency are in grave disorder in most of the countries of Europe. The volume of production is low, imports have been enormous and exports have been small. The burden of debt, both internal and external, is very great and the volume of taxation is far from adequate to meet the existing conditions.

The European currency situation is distressing. It is, of course, closely linked with the public finances of the Government. The gold redemption in all belligerent countries of continental Europe was suspended when the war began, and they went at once on an irredeemable paper money basis. The value of irredeemable money is at best an uncertain thing. Sound currency divorced from immediate redemption, directly or indirectly, in precious metals, is an impossible thing. The value of such currency goes up and down with the credit of the government, and the prospect of redemption in gold. If the volume of such paper money is very great the prospect of gold redemp-



tion becomes remote, and the value of the paper is at the mercy of speculation, rumor, political occurrences and social agitation.

The evils of unsound currency are very great. We in America believe in the gold standard. We fought for it in 1886. We well remember the vigor of that campaign. In 1913, however, the Democrats and Republicans alike combined in writing the gold standard into the Federal Reserve Act. We felt that the world's monetary problems had been settled and that monetary heresies of the greenback or free silver type would plague us no more. The next decade, however, promises to bring the greatest crop of monetary heresies with which we have yet contended. Already they are appearing. The bankers must be alert in meeting them. The gold standard throughout the world must be restored at the earliest possible date.

When debts and credits run in terms of gold coin, of fixed weight and fineness, men know where they stand. When, however, debt runs in terms of irredeemable paper money, uncertainty and risks are introduced into every business transaction. Some of the demoralization of industry in Europe today is due to unsound money.

I turn now to the abnormal movements of exports and imports, a movement which is rapidly increasing Europe's external debt and multiplying her difficulties. This one-sided flow of goods has been the occasion of great jubilation on the part of certain short-sighted enthusiasts in America. It has drained our markets of goods; it has forced our cost of living very high; it has made opportunity for great speculative profits by dealers in commodities; it has led to speculation in farm lands on the part of those who do not see that the prices of farm products are abnormal and who expect them to continue forever.

It is wholly unhealthy. It is abnormal and it will not last. If Europe is to remain solvent, her exports must increase and her imports must diminish. If Europe is ever to pay her debt to us, she must send us more, and we must send her less goods.

From the entrance of the United States into the war



down to about June of 1919, this export balance was financed chiefly by loans made by the United States Government to the governments of Europe.

I need not explain to this audience that what is sold must be paid for and that international trade payments can be made only by gold, by goods, or by credit. We have already got from Europe all the gold we have any use for, and all that she can spare. We have already extended to Europe credits which stagger the imagination. Any approach to normal conditions means that Europe must send us goods, and must send us more goods than she draws from us. For a time we shall need to give her further credits to enable us to revive her productive power so that she may send us goods, not because we need markets for goods, but because she needs those goods for her rehabilitation.

When Government credits cease to be used on a considerable scale in financing exports to Europe, the burden of Europe's short time indebtedness to the United States became too great for the exchanges to bear. In America, franc bills, lire bills, sterling bills and the like piled up in enormous volume in the exchange markets in New York, while Americans needing such bills were few. The supply was so great, and the demand was so small that the exchange markets underwent a collapse. The depreciation of most European exchanges has been unthinkably great on the basis of anything in the history of those currencies before the armistice. It is not certain, even yet, that many of the exchanges have gone low enough to measure the extent of internal depreciation of European money. In explaining the exchange situation we must not look at imports and exports alone. Even though exports and imports were balanced, the exchanges would still be depreciated because the currencies of Europe have depreciated internally.

Our problem here, then, is not, as many think, to bring exchanges to par. Efforts to do this would merely intensify Europe's troubles. Our problem is rather to give Europe aid in such form as will assist in making her ex-

port trade revive. It is essential for Europe to receive certain exports from the United States. It is almost equally essential that Europe should cease to receive exports from the United States which she does not imperatively need and for which she cannot afford to pay.

What is the extent and what is the nature of Europe's needs? Europe has had far too much in the way of goods from us since the armistice. We have sent her a relatively small percentage of raw materials. The great bulk of our exports have been finished manufactures and foods, articles for immediate consumption rather than those which could be used in further production. Luxuries should not go and many of the goods which we consider the comforts of life are of doubtful advantage. Food in adequate quantities Europe must have. Raw materials Europe must have. Our French friends tell us that they do not expect or need machinery. They plan to produce rails for export. They plan to produce locomotives. As far as possible Europe should produce her own manufactured goods and should produce manufactured goods for export. No doubt considerable machinery is needed by certain of the countries to the east of Germany, where the destruction has been great and where establishments for producing machinery are less adequate and in less satisfactory condition.

The effect of our abnormal export trade upon American business has been bad. It has forced up commodity prices. It has led to intensive activity on the part of those industries supplying goods for immediate consumption and it has led to depression in other industries which supply long-time goods. The building trade has been heavily depressed, and we are now short of housing facilities. Rising cost and the difficulty of procuring labor have hampered our railroads and public utilities. Household reserves of linen, china, clothing, furniture and the like are far below what they were in this country before 1914.

We have suffered from shortages and our physical wealth has been depleted. The abnormal demand has brought tension in our labor market which has led to

overtime work, rapid turnover of labor, growing inefficiency and rising labor costs; while the labor unrest has been complicated by the rising cost of living. A reduction in our so-called "favorable" balance of trade, with the throwing back on our markets of \$300,000,000 or more per month of goods which were destined for export, relieving the tension in our markets, reducing our cost of living and freeing labor for the building trade and for other necessary purposes in the United States, will be a blessing rather than a disaster.

We need our capital at home. We need commodities at home. We hope and expect to give Europe what she must have for her rehabilitation, but we must not do so with the thought that in maintaining our abnormal export trade we are doing ourselves a service. Rather we are making a sacrifice. We must consider carefully how much we can afford to spare and how much Europe really requires.

Reducing the problem however much we may, there is a minimum which Europe must have which will run into large figures. How are we going to solve this problem? It has both its European and American side. On the part of Europe it involves work, thrift, taxation and currency reform, with an effort to return to the gold standard. Work is basic. The imposition of taxes to revive the credit of the states, and to impose thrift on the people, is essential. Extravagance has run wild throughout the world since the armistice. Work, thrift and taxation are unpleasant words to hear, but the heart of the matter lies in them. No financial legerdemain, no manipulation of printing presses can take the place of these three fundamentals.

On the side of the United States we have intricate problems. During the war we supplied goods to Europe, and our Government, backed up by the enormous resources of the United States, and the unshakable support of the people, got money through taxes and Liberty Bonds and loaned that money at low rates to our European Allies. It is the expectation that in the future the



Government will play a role in these matters, and the work of providing Europe with money is to be done by private agencies. Certain legislation is needed. We here, who have examined the situation, are of the opinion that it is time to become active on the basis of such plans as provided by the Edge Bill, and we believe that this legislation should be speeded up. We are ready to act.

If the main work is to be one for private agencies, what are the private agencies concerned? We find our exporters looking to the banks, and they are desirous that the banks should provide credits to finance the exports in such a manner as to relieve the exporters of all liability, a proceeding which would require the bankers to tie up their funds in long-time advances. Our European friends have made clear to us that it is impossible to separate the long-time and short-time requirements at the present time and any funds advanced them today for rehabilitation purposes must be long time.

Under ordinary conditions bankers might very well make advances for the shipment of cotton, since the cotton would speedily be manufactured and sold, which would provide funds with which the bankers could be repaid. Even in this case bankers would not make such advances directly to Europeans, but would expect to make loans through their customers and expect to receive their customers' contingent liabilities. But our friends from Europe insist that at the present time even advances for the purchasing of raw material cannot be repaid in dollars at an early date. Whether the funds are advanced for raw materials or for reconstruction of railroads, they must be on long time. Such advances bankers cannot properly make. Bankers deal in other people's money. They hold deposits subject to check. They must keep their assets liquid, so that they may meet demand obligations. Our friends from Great Britain and France have both insisted on this. The British bankers have stated that they do not make advances in connection with financing of foreign trade except through their own customers, that they maintain their customers' contingent

liabilities throughout. Our friends among the French bankers emphatically state that it is not the function of bankers to give long-time advances or long-time guarantees. The main burden, therefore, cannot fall upon the banks. If, then, the bank cannot relieve the exporter of the financial problem, can the exporter, or producer and exporter combined, make the advance on long-time credit to European customers? The answer is, for most of them, that the limit would soon be reached. If they tie up their capital in such advances, they would soon have no working capital left. Some of it they can do, but not enough to help greatly. The banks can make advances for a considerable part of the export trade, that part, namely, which is offset by imports, but the excess or *balance* of trade they cannot, as banks, take care of. The exporter and the producer are active business men who can spare only a part of their capital.

By elimination, therefore, we are driven back to the investor, the man has idle funds which he can afford to place on long time, the man who is interested in an income from his funds rather than in the active employment of his funds. How can we reach the investor. We cannot go to him and say that he should place his money at risk in foreign lands in order that exporters and others should make profits by selling goods in these foreign lands. We must provide margins to protect him from risk. We must, in addition, offer him interest at rates sufficiently attractive to make it worth his while to provide the funds.

The United States has long been a borrowing country. With great undeveloped resources and rapidly growing population, we have been insatiable in our demand for capital. But opportunities for investment at high return in Western Europe have long been scarce, and a surplus of capital seeking foreign investments at higher rates has predominated for a century down to the outbreak of the war. Europe has been used to a low rate at home, and it comes with a distinct shock to many of the financiers and industries of Europe, to learn that higher rates

must be paid in the United States. The rule is that interest rates in rapidly growing countries are high, and that in rich and well-developed countries they are low.

Further than this, a borrowing country must expect to pay more for money obtained in a foreign country than the rates ruling in the loaning country. An investor naturally prefers to place his funds at home. Interest rates and security being equal, he will invest at home. He will invest with corporations with whose personnel he is acquainted, and with whose operation he is familiar. He will do this although the domestic security be less secure, because he knows the risk of the domestic enterprise. It is, therefore, an inevitable economic fact, that a borrowing country must pay more than the market rate for money on a large scale. We ourselves did this in borrowing from Europe before the war. The situation is now reversed, and we must reckon with that fact.

Further, there is a great world-wide scarcity of capital. The world has devoted its energies for the past five years to the destruction of capital. Europe has done it, and we have done it. Instead of building railroads, we have been manufacturing explosives; instead of maintaining and improving our public utilities we have been making cannon, instead of building dwellings, we have been building factories for the manufacture of airplanes. There is, therefore, an unprecedented demand for capital in the United States, and interest rates on long-time investments are therefore correspondingly high. The rates, which must be offered American investors, therefore, in connection with European investments must be high enough to tempt the *additional* saving, which will be required if America is to supply capital both for her own and European needs. High rates on long-time European investments are the sure means of making the supply of capital adequate. If we want the investor to save more than he is now saving, we must offer him additional inducement to do so.

We must then reach the investor. We must offer him adequate security and adequate interest. How are we going to do it?



There is no one method. There will be no single agency. One method along which we may proceed, however, would be based on the following principle:

We might organize corporations under the Edge Bill, assuming that that legislation is completed in time, and in satisfactory form. The capital of these corporations will be provided in part by bankers, but in the major part by exporters and producers of goods for export. While it is recognized that exporters and producers of goods cannot bear the whole burden, it is proper that they, as the ones who are to make the greatest profits should provide the major part of the margin of capital which bears the first risk. These corporations will advance loans to business men in Europe, taking their obligations from them. They will expect to have the guarantee of European governments and municipalities for these obligations, and they will expect that the European beneficiaries of the loans will provide a substantial proportion of the dollars required to finance the export of goods from other sources. If, for example, one hundred thousand dollars' worth of cotton were to be exported, under these principles the Edge Bill corporation will not be expected to loan the whole one hundred thousand dollars, but, say, eighty thousand dollars, leaving the European importer to find twenty thousand dollars from other sources. The Edge Bill corporation will then issue its own debentures to the American investor. These debentures will have a margin of protection in the capital of the Edge Bill corporation. They will have an additional margin of protection in the dollars provided by the European producer of each shipment of goods, secured outside the Edge Bill corporation. They will be protected by the general assets of the European borrower. They will be protected by the guarantees of the European governments or municipalities. Thus protected, and with attractive rates of interest, they can be sold to the American investor in very substantial amounts. In selling them, we shall make large use of the existing bond selling machinery.

We shall offer them as sound investments and would in-

vite their purchase as good business. And we shall find, powerfully supplementing this business appeal, a great fund of loyal sentiment upon the part of our people toward our friends in Europe.

But there is no one magic recipe which can be offered as a solution, and least of all, one supplied by governmental authority or action. We are here dealing with the fundamental economic principles with their unalterable causes and effects, which transcend all powers of the most powerful governments. The normal economic process of the world has been interrupted, and just in that proportion that these fundamental forces have been disturbed, so will the period of complete recovering be postponed. The world, so to speak, has been very ill. It has been a rav- ing maniac. Its recovery will be slow and its mental process become normal only after the memory of the horrible nightmare has in part been forgotten. We must slowly gather together the bits of broken furniture, replace the household goods, and establish our peaceful domestic and industrial household.

The governments of many countries have been sorely taxed to meet the great problems which have confronted them during the past five years. In some quarters the present social, economic and political organization is being attacked. Is it wise to complicate further the problems of our governments and perhaps place in still greater jeopardy the prevailing economic and social organization by looking to the government alone to work out a solution, which, if left to its citizens, would in due time and season be solved so far as there is any final, complete and important solution for such a complex situation?

In Europe, new states have been formed with peoples who have not had the responsibility and experience in conducting a political society. New political forces have arisen in the old nations and the alinement of these forces has radically changed in the new, as well as in the old countries. Political ferment is at work in most sections. Industrial and economic activity and prosperity must always presuppose political peace and security.

A second factor affecting the problem is the labor situation. Labor has been advancing to a greater position of power in our own and all European countries, and the war has greatly accelerated this movement. It is now a question whether labor can use its own interest, and at the same time keep up production and produce that surplus of goods for exchange with other peoples, or whether there will be a general slowing up of industrial activity, resulting in either no net increase in goods, or in an actual drawing upon the past accumulated stock of capital. Those who labor either with hand or head must realize that only an honest day's work will receive either for them or for their fellow men that prosperity and well-being which all wish, but which cannot in any mysterious manner be supplied by government or by any other socially constituted organization.

It is, therefore, desirable that no artificial or forced resumption of industrial life be attempted, for such is neither possible nor advantageous. There is already some evidence that in many of these European countries, the threads of normal industrial activity are being taken up as a result primarily of the activities of normal individual enterprise assisted here and there by the governments.

Both for the final good of the European people, as well as our own, the normal basis of all profitable trading should be resumed as quickly as possible. That is, there should be an exchange of goods for goods and not a continuation of forced trading based upon an extensive system of credit. It is just as true now as before the war, that the European nations can produce many goods which we either cannot produce, or produce as cheaply and, therefore, a mutually profitable basis of trade exists. The people of the United States are becoming very much interested in foreign trade and quite properly so. But, it would seem that some of our people consider the end to be achieved in foreign trading is always to sell, but never to buy goods, seeking on the contrary an exchange of goods for money.



The items—food, raw materials, and industrial equipments to rehabilitate her industrial machinery—are the pressing need of Europe. If they can be supplied, these countries will, after a period, perhaps a longer one than is popularly supposed, be in position to resume trading with us on a basis somewhat approximating that which prevailed before the war. However, this result will occur only if we are willing to take goods from these countries in payment for those commodities which we wish to export to them. Even the interest on the capital which we have loaned to them must be received by us primarily in goods.

We do not wish to be forced to meet that kind of competition which is organized by a nation with political and military ends in view, but we do not fear legitimate individual business competition with our European friends in which each trader seeks his own profits and the competition is based upon sound economic principles. We know that we must buy from others if we expect to sell to them, for we know that usually a rich neighbor is a good customer. The European nations were our best customers in the ante-bellum period, and we hope they will again become so.

No nation, no more than an individual, can live unto itself either socially or industrially. We wish to share the burdens and responsibilities of the world with other nations.

The ships of state have for many days been tossed about by the waves of an angry sea, and now that the storm has subsided, we look about with anxious eyes for ports of safety. May we all find a secure haven and never again set sail upon so perilous a voyage.

## CLOSING SESSION.

FRIDAY, OCTOBER 24.

Mr. Bedford, in the chair, said:

*Gentlemen:* We have come to the final closing session of our gathering. The day has been spent in finance and the consideration of that all-important question that relates to the problems with which we have been confronted and which we have been discussing so earnestly with our friends from abroad. Tonight the problem is to be discussed further in one address, the first address of the evening. I have the honor of introducing to you the Governor of the Federal Reserve Board of the United States. You who come to us from overseas are doubtless aware that we have nothing in this country exactly corresponding to the Bank of England or the Bank of France. In many experiments and after most careful study, especially of the financial experience of Europe, our country a few years ago brought into being what is known as the Federal Reserve System. The central design of this plan was to create the flexible banking system which should, as nearly as might be possible, place at the disposal of the commerce of the United States as a whole the credit resources of the country as a whole. We were not a minute too soon in bringing this plan into being for it has served as the mighty bulwark for our country and for the world as a whole in mobilizing the credit resources of the nation in behalf of our war financing. The extraordinary facility with which our country was able to float some twenty billion dollars in Liberty Loans was in no small measure due to the strength and adaptability of our Federal Reserve System; and now, as we enter the era of reconstruction, our Federal Reserve System will necessarily be the keystone of our financial arch. The extension of foreign credits of this country will henceforth doubtless be upon private initiative, but

in order to accomplish great results it will be necessary at all times to have the encouragement and coöperation of the Federal Reserve System. The function of this system as the ultimate citadel of rediscount is of paramount importance in any plan involving the extension of large credit.

Since the establishment of a Federal Reserve System we have had at its head a man of great sagacity, soundness of mind and courage. The building of this gigantic structure, of necessity becoming practically overnight the bedrock, foundation stone in a huge and complicated banking system, created for Governor Harding and his fellow members of the Federal Reserve Board, difficulties which has seldom had to be met by financiers. That these difficulties were overcome, however, and that the Federal Reserve System is already well established as a dependable anchorage for national competence is due in no small measure to the conservatism and vision with which the activities of this institution have been guided from its very outset. It is, therefore, with peculiar pleasure and satisfaction that we shall now have the honor of listening to Hon. William P. Harding, Governor of the Federal Reserve Board.

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### Address of Hon. William P. G. Harding,

*Governor of the Federal Reserve Board.*

*Mr. Chairman, Members of the Conference, Ladies and Gentlemen:* My colleagues of the Federal Reserve Board and myself have been intensely interested in the problems which you have been discussing during your sessions this week and we all regret exceedingly our inability to be present in order that we could get the benefit of these discussions, but our duties are such that we are not always the masters of our own time and this last week has been an unusually busy one even for the Federal Reserve Board. I am exceedingly pleased, however, to be able to



be here tonight and to extend to you on behalf of my colleagues and myself our belated greetings to those gentlemen who have come across the Atlantic to discuss these problems with you, the proper solution of which means so much to you and so much to us.

Although we are separated by 3,000 miles of ocean our recent associations, our improved methods of transportation, our business interests have brought us very closely together and your problems, gentlemen, from the other side of the ocean, are very similar to ours on this side. We can join you in a full appreciation of the fact that the problems and perils of peace, of reconstruction and readjustment are almost as difficult and dangerous, although in a different form, as the problems and perils of war itself. We are suffering in this country just as you are suffering in Europe from a new malady or a complication of diseases. I shall discuss, however, tonight only one form of the trouble.

The great war that snuffed out the spark of life of over seven and one-half millions of men, destroyed billions of dollars' worth of wealth, real wealth; not gold or the representation of gold in paper currency, but goods, commodities which are needed for everyday life. Goods are the world's real wealth and the world today is suffering from the shortage of goods. There is no proper proportion between the volume of credit and the volume of goods either in this country or in the old world. Your situation, of course, in that respect is not as favorable as our own because you on the other side bore the brunt of the war and were engaged in that struggle for two years and a half before we entered it to take our place at your side and owing to your large purchases during those years we necessarily received some material benefit growing out of your own wants and necessities. We are passing through a period now in this country of relaxation from the war regime. We could not look the facts in the face without confessing candidly that we have been extravagant during the past year. We have not produced enough, we have spent too much. One of our needs is greater pro-

duction and smaller consumption. We ought to apply the principles of the only doctrine that is going to work us out of our present difficulties, the great principle of work and save. There must be conservation both of capital and credit in order that an adequate supply of each may be available for the process of production and distribution. But, unfortunately, the only kind of conservation in evidence today is the conservation of productive energy. Still, gentlemen, America has had its crisis; it has faced other problems; it has overcome all dangers and difficulties up to this good hour and I do not believe there is a man in this audience that does not feel in the bottom of his heart that America and the civilization of Europe is going to be preserved on the same high standards which have already been set.

We in America produce normally a surplus of essential commodities for exports. We have our great crops of grain and of cotton; we have the products of our mines, coal, fuel, oil; we have copper and metals of all kinds, most of which you need in your present circumstances.

In considering our trade relations, gentlemen, I think it important that we should apply a principle which we all applied during the darkest days of the war, during the time when we were exercising a discriminating judgment between essentials and non-essentials. I do not believe it would be good policy for you in Europe, or for us in America to attempt to have you buy from us, particularly on credit, things that you do not actually need. It so happens that those things which we produce normally, exporting the surplus, are, in the main, necessities. You need now on the other side machinery, equipment, raw materials in order that you may resume your own normal activities; in order that you may employ your idle people; in order that your production may be brought back to a point where your countries will be self-sustaining and where they, in turn, will have something to send each other and to send to us. I am sure that we are all interested in the figures relating to export trade.

The sharp discounts in foreign exchanges which have been prevailing for some time past are the result of a condition. We have been sending you more goods than you are able to pay for either in cash or in commodities. This condition is reflected in your foreign exchange. But the very fact that your exchanges are low aid you in sending goods to us. A condition of that kind helps the American importer and makes the problems of the American exporter more complicated. Most of you have seen, I have no doubt, the figures given out officially this morning regarding the exports and imports into the United States during the month of September. Our exports were \$593,000,000; our imports \$435,000,000, being an excess of exports over imports of \$158,000,000 which, by the way, is the smallest excess of exports that this country has seen since September, 1917. Those figures, gentlemen, have a meaning. I think they ought to be full of encouragement to you on the other side and to us as well. It is to our interest here in America to see Europe back on her feet. We are met here to consider the ways and means of helping you get back on your feet. I think it is generally conceived that in order to enable our exporters to continue their business, in order to enable them to sell goods abroad, it will be necessary to extend longer credits than can be granted by our commercial banks which have deposit liabilities payable on demand. The Federal Reserve Banks, while they are intensely interested in all matters pertaining to foreign trade, are not equipped, and not intended, nor are they permitted under the law, to engage in transactions relating to long credits. No Federal Reserve Bank is permitted to discount any paper having a maturity longer than 90 days to run with the single exception of agricultural paper, or paper based on live-stock may be discounted provided the maturity is no longer off than six months. National banks may accept up to six months in transactions involving the importation and exportation of goods, but the Federal Reserve bank can only rediscount an acceptance or buy an acceptance when that acceptance is not further off from



its maturity than 90 days. Consequently, it becomes necessary in the present situation to devise some other financial machinery expressly designed to facilitate the granting of the longer credits which are demanded in the present circumstances.

Under Section 25 of the Federal Reserve Act, national banks having a surplus of not less than \$1,000,000 are permitted to establish branches in foreign countries or they can subscribe an amount not exceeding ten per cent of their own capital and surplus stock in corporations or banks principally engaged in foreign banking. A number of these banks have been organized. One of our largest national banks has a great number of branches not only in South American countries but throughout Europe. Those facilities coupled with the facilities afforded by these other banks of which a number of national banks are stockholders, encircle the entire world; but these banks are not organized for granting long credits. They deal in bills of exchange which they expect to have paid at their maturity or perhaps one or two renewals. The great need in the present situation is for some financial machinery through which these longer credits can be established. We of the Federal Reserve Board in our study of these problems reached the conclusion some time ago that financing foreign trade is essentially an investment problem. The appeal must be made to the investing public or America rather than to the commercial banks. Congress, at the suggestion of the Federal Reserve Board, some time ago passed a bill which has been signed by the President and is now a law authorizing National banks, regardless of their size, to subscribe as much as five per centum of their capital and surplus to stock incorporations engaged in some form of financing necessary or conducive to building up our foreign trade. There is now pending in Congress a measure known as the Edge Bill, which has already passed the Senate and which was, on yesterday, reported in an amended and improved form by the House Committee on Banking and Currency. We hope that this measure may

soon become a law and we believe that corporations will be organized under the provisions of this bill, when it becomes a law, which will be very helpful in bringing to Europe the goods that they need from this country, because they will enable Europe to get the credits for the long time necessary.

In practice the provisions of the Edge Bill are about as follows: I understand that Senator Edge himself explained it clearly to you the other day so I shall not attempt to elaborate upon it. The principle is of Government control. The Government itself does not propose, as I understand it, to extend any further direct aid in financing foreign trades. As you know, the Government of the United States was authorized soon after it entered the war, to make advances of about ten billions of dollars to the countries which was associated with us in the war. Nearly all of that vast sum has now been allotted and used. Only a few hundred millions remain unused. There is no disposition whatever, that I have been able to notice in Washington, to extend this war-time policy of direct Government loans in a period of peace, and I think that it is generally understood that future financing for foreign trade come as a result of individual enterprise and private initiative. The Government could not, without a very harmful extension of an already necessarily expanded credit situation, issue any more obligations for any purpose; nor could the banks, as I have already explained, which have liabilities payable on demand afford to tie themselves up with a large volume of unliquid assets.

Under the Edge Bill it is proposed to organize corporations having a capital stock of not less than \$2,000,000, for the purpose of financing foreign trade and of promoting that trade. These corporations will be authorized to purchase foreign securities and make loans abroad. They will be authorized with the approval of the Federal Reserve Board in which body it is placed for supervision, to offer its own obligations or debentures to the investing public which are specifically secured by obligations which

they had already taken in their foreign trade transactions.

America has loaned Europe ten billions of dollars. The United States, which was not a bond-buying nation, has subscribed over twenty-five billion dollars' worth of Government securities since the 25th of April, 1917. Before that time there were only about three hundred thousand men known as investors on the list of reputable bond houses. There are now over 30,000,000 of American people, 30,000,000 men, women and children, who know what a bond is, who have been subscribers for issues of Liberty Bonds and of Victory Notes. Of course, in placing that vast volume of securities, it was necessary to appeal to the patriotic unselfishness of the American people and that appeal was not made in vain. It met with a magnificent response. But, gentlemen, we have come now to that time when cooler considerations must be taken into account. We cannot appeal to patriotism in a matter of trade. While we love you abroad, our late confrères in this great struggle; while we desire to help you, you must realize that you must offer us a business proposition. We believe that your external debt is good—every country's external debt is going to prove to be good, in my judgment. We believe that you have ample security to offer against any loan that you may wish to raise in this country, but I want to call your attention to the fact that while we have some very shrewd and successful international bankers in this country; while we have great banks of deposit and discounts which have grown enormously during the past five years, that the transactions of our larger commercial banks in the foreign field have been confined to the purchase of bills of exchange drawn against documents; and the transactions of our bond houses, as a rule, have been confined to the placing of Government securities issued by foreign nations and the placing abroad of private securities issued by American firms and corporations. In other words, gentlemen, our familiarity with the foreign field has been in the other direction. Up to a very few years



ago we were more familiar in placing American securities in Europe than we were in placing European loans and securities in America. Now we have got to educate the people to it. The national bank is usually a leader, a financial leader, in its community. The merchants and the farmers of the community form the habit of going to their trusted banker and asking his opinion and advice about different financial propositions. We realized that if it were sought to establish these new corporations to engage in an unfamiliar field that it would be very necessary to have the support and the influence of the banks of the country, which includes the national banks. Some of the state laws already permitted state banks to take stock, but the national banks could not take stock in enterprises of this sort until Congress permitted them to do so under the act which passed about a month ago. The amount that the national banks can take is comparatively small—only five per cent of the capital and surplus—but the moral effect is there. As these Edge Bill corporations are organized it is supposed to interest the leading national banks of every community. It is supposed to organize corporations which are particularly interested in the export of some product in which that community is vitally interested—cotton, copper, coal, any of these great staple articles.

There are a great many people interested in the free outflow of the exports of the surplus of these commodities. If they find that, owing to exchange difficulties in Europe it is impossible for that trade to flow freely they will be in sympathy from the outset with any movement which will tend to let these goods go abroad in their accustomed way. The proposition may be put up to a small investor to take stock. The proposition looks good; but he will go to his banker and say: "Well, what do you think of this?" If the banker is in a position to say: "I think well of it and our bank is going to take stock in it to the extent that the law allows," you know that that banker's opinion is going to carry far greater weight with his client than would be the case if the banker

merely said: "Yes, we think it is all right; we are not going to take any stock in it; we can't." It is just the difference, gentlemen, between "go on" and "come on."

We believe that a number of these corporations are going to organize in various sections of the country under the provision of the Edge Bill. Then the proposition comes: What is that corporation going to do to replenish its funds in order to keep in business after it has loaned out its capital? These corporations will not be allowed to receive deposits. They will not conflict with the commercial banks in any way. It is proposed to allow them to put securities in trust; to issue their obligations or debentures against those securities and go to the investing public.

Now, gentlemen from the other side, we have an income tax in this country as well as you. Our people know what high taxes are; and in their investments they figure on a net return. They have been accustomed to a higher return than they were formerly accustomed to have. Even our government four and one-quarter per cent bonds are not selling at par. It is going to be necessary for these obligations to be offered to the American people on an attractive income basis. It may be six per cent; it may be seven per cent; I do not know. This is what you must bear in mind: Here is something new. We have got to introduce this system into this country. We have got to inspire the confidence of the American people. These securities must be absolutely good. We are going to need the coöperation of the European bankers who are skilled judges of credits on the other side. They are familiar with these world transactions far more than we are. We want your help and coöperation. We may want your guarantees; possibly in some cases we may want some kind of obligation of guarantee from governments. It is just as important for you as for us that these obligations be safe; and the safer they are the lower the rate of interest. But I do not want to create any false hope that there is going to be any four or five per cent. money floating around. We have got to look at

this in the cold light of business and bear in mind that there is a great use of credit on this side. There has been a great spirit of investment, of speculation if you want to call it—on this side.

The Government, however, is at least giving direct help in one way. Congress has authorized the War Finance Corporation, which has a capital stock of \$500,000,000, all owned by the Treasury of the United States, to advance an aggregate of not to exceed \$1,000,000,000 in the aid of foreign trade during a period of one year from the official proclamation of the Treaty of Peace. Those credits may run not longer than five years. My idea of the aid that the War Finance Corporation is going to give and the manner in which it is going to be given is about like this—I happen to be a director of the War Finance Corporation, but I cannot say officially because we have not had a meeting and decided definitely upon this policy—my idea of what will be done is this: Assume that there is a corporation organized under the Edge Bill for the purpose of making some investments in Europe. That corporation will come to the Federal Reserve Board for permission to issue a certain amount of obligations or debentures; the Federal Reserve Board acting as kind of a capital issue committee, not in any way recommending the investment as being safe, but merely recommending it as being legitimate and regular, the investor to decide for himself as to its goodness, will authorize that issue to be offered to the public. Then I think the corporation will very naturally come to the War Finance Corporation and say: "Here is \$10,000,000 worth of securities that we want to place which bears six or seven per cent interest," as the case may be, "we would like to have you subscribe to this." I think the policy of the War Finance Corporation will be the same as that pursued during the war. It will not subscribe the whole amount. It will part, say twenty per cent. That will have a good moral effect because if a corporation could go before the American investing public with its own obligations backed by securities which are passed on by



a group of European bankers and recommended from them as being first-class in every respect, the proceeding authorized and the issue allowed by the Federal Reserve Board and say twenty per cent of the issue taken in advance by another organization of the Government, the War Finance Corporation, that will show at least that the Government of the United States has some confidence in the proposition and ought to enable the bond-selling organization to place the balance of it with the people, and in that way, gentlemen, the \$1,000,000,000 that the War Finance Corporation may invest will go a very long way.

*The Chairman:* Ladies and Gentlemen, I am sure you have all been deeply interested, as I have been, in listening to this most intelligent and helpful address; and I want to thank Governor Harding on behalf of the Chamber of Commerce and the delegations from abroad for his coming to us tonight from Washington. He has been discussing this question from the viewpoint of a banker. We have been discussing this question here not only from the viewpoint of a banker, but also from the viewpoint of the merchant. We have gone further. We have been discussing the question as banker and merchant together and we have all concluded that in it is also included the American people, and I believe, and I think you will believe that not only the conservatism of the banker and the skill and shrewdness of the merchant, but the heart of the American people has got to get into this thing.

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Address of Hon. Myron T. Herrick,

*Ex-Ambassador to France.*

*The Chairman:* It has been a great disappointment to us that Mr. Harry A. Wheeler could not be with us tonight to address us on this particular subject, the im-

portance of which was so much impressed upon his heart and in which he was so vitally interested. We are very happy in having with us tonight one, while not taking his place, has a place of his own in the hearts of all of us. I know I do not need to introduce to you the next speaker who, because of his great work during his residence abroad, his magnificent representation of the American people, has endeared himself not only to the hearts of all his American friends and countrymen, but to those in Great Britain, Belgium, Italy and France, the Honorable Myron T. Herrick, ex-Ambassador to France, who will address you.

*Ladies and Gentlemen:* You might now be going on to your comfortable hotels, had I not been apprehended by your Chairman as I was quietly leaving town.

I am especially pleased to have the privilege of saying a word on the important subject of industrial business organization. Knowing the financial chaos that exists throughout the world we have been extremely anxious to do something to stabilize credits and to re-establish (not re-establish the credit system that existed before the war, because that is now obsolete), but to recreate a system that should again restore and stabilize the economic situation of the civilized world. That is what you gentlemen from France, England, Italy and Belgium came here to undertake, and how well you have done it!

Your preliminary statement indicates that there is something over and above and higher than financial considerations. It is conserving the fruits of this hard-earned victory that cost so much of blood and treasure and all but wrecked civilization. That is the meaning of it. And I believe that when a system, in the wisdom of men who will put not only their business intellect, but their patriotism into the solution of it and have evolved something, I believe that it will appeal to the American people's patriotism as did our offer of Government bonds in that crisis.

Why did 30,000,000 of patriotic Americans subscribe

to those bonds? Was it because it paid them three and one-half per cent, or four per cent, or four and one-quarter per cent when they could get eight or ten per cent in those days? No. It was because they knew that this country of ours, which we had so long struggled to build here in this Western Hemisphere was good for nothing if you failed, gallant men of Belgium, France and Italy. That is why they did it. Our people are going to understand very soon now, as they understood then, that if the fruits of that victory do not moulder on the docks, as they are in New York—if what they have fought for and what they have bled for is to be conserved—they have got to do something more than just barely to trade over the bargain counter on these securities that you offer us. That is what we want the people of the United States to understand; and it will take very little effort to have them understand that an international system of credit is necessary. We now know it is just as necessary as it was to win the war, and we know now that the war could not have been won had not America been there. She was late, but she was there finally. Now let us profit by that, and while Europe chafes and waits, and while commerce is delayed, let us remember that we were late then and let us be on time now.

We bankers ask: "What collateral have you?" That is an automatic question when a loan is asked for: "What collateral have you?" A great financier, one of the greatest financiers that this country has known, said one time in a financial conference: "I don't care what kind of collateral a man brings to my desk, if he has not got the character to back it up I do not want his loan." Mr. Morrow, who spoke to you last night, who sat at the feet of that great financier and was a worthy student, told you the same thing. That is axiomatic now throughout the banking world and we understand perfectly that character must back loans, so let's inventory our collaterals just for a moment.

When the fire of the world fixed on little Belgium what did she do? That is the standard of character which she



offers you as collateral. When France and England, all unprepared and unbelieving that such a monstrous thing could happen, rose to arms to meet this shock of war and triumphed, did not they create some collateral upon which you can base a loan? Italy, the Italy of Garibaldi, valiant Italy, which was allied to Germany in the beginning of this war, but which, when she understood Germany's fell and malevolent purpose, broke that alliance and turned to the cause of righteousness, did not she create a collateral that is good enough for America? If we want to know what a nation will do in the future we only need to ask what has it done in the past; we need not go back over the centuries of the history of these great nations that have made civilization; we need only go back over four and one-half years of their history to understand what they will do in the future. What a nation has done in the last four and one-half years is an earnest of what it will do in the future. If they were honorable and met their obligations, that is all that is necessary. Why even Germany understands that.

Now, this deeper significance lies in the fact that we must quickly understand that the machinery has to be recreated, it has to be new, and we love to make new machinery. Why, the Federal Reserve Board, so worthily represented here, came in the nick of time. It was a new order of things. We have got to create a new order of finance, but oh, what wonderful collateral you gentlemen have to give us! It is splendid, and we have not a doubt about it. As Mr. Harding said, each one of us has his problems. There are many unspoken thoughts in this Convention, many forebodings as to the future, but we are a nation, as are your nations, gentlemen, of hope and confidence. Were there not forebodings in those fateful days when Germany rushed Belgium? Were there not forebodings throughout the entire world? It seemed then inevitable that civilization must go down, that there was no hope, no chance; but the Allies marshaled all those forces with something that Germany did not have—a

spiritual power for the right. The great, attacking horde was not only stayed, but beaten.

Now, out of all this came the belief, as so many million people did believe, that when victory was declared the millenium would come. Oh, but it has been slow and their nerves are on edge and they are irritable, and the whole world is ill-natured. The one great thing we need is patience and good nature. That is a factor which is necessary, and a little more of that good will toward each other. But those unspoken thoughts that haunt us here in America where we have never had this Government of ours assailed. No one has ever dared to say that he would like to bring on a revolution or to break down this country of Washington and Lincoln; no one has ever dared to say or speak those things until lately. Some malevolent forces have misled labor in the idea that it must take a certain course in order to benefit, when any course that leads to destruction of this country is against the interests of labor.

Certain people would have labor believe that its interests would be benefited by a certain direction; but during this war when labor in England understood that England must perish unless labor and capital coördinated, labor cast aside all its social interests for this one supreme cause. Then England won because labor came generously forward and went into the conflict and enabled England to make her great place in history. She did that because labor was patriotic. Labor is patriotic in the United States and in all these other countries when it understands. Labor in this country will understand that any interest which is leading it to strike down the government that has nurtured and fostered it during all these years, is the enemy of labor; will comprehend, as all the people do comprehend throughout this country, that the hand of treason shall not be laid upon that flag.

Cardinal Mercier is in this country. We saw him in New York and he has been to my home town in Cleveland. It seemed to me that he was just about the greatest ambassador that ever came across the waters, because

he brings here at this time that doctrine of peace and good-will on earth and yet, at the same time, underneath that combination of delightful personality is a will of steel and an intelligence as broad as the universe. And I should like to compliment the gentlemen of Belgium, not only upon that representative, but upon King Albert. His is one head that does not lie uneasy within the crown, I assure you; and to my beloved friends in France, to tell the truth, I came here as much to see them, Mr. Chairman, as anything else, because no one could live in France and not understand that their 2,000 years of civilized living, their wonderful history, when they beat back so many times forces that would have changed the history of the world, who fought on so many battlefields, have always had a high conception of right—no one could live among those delightful people without loving them. And my friends from England—I have had a delightful time with them. I have been telling them, in order to get next to them, that I lived there 150 years ago and enjoyed it very much. And Italy. Why, a part of our town is known as Little Italy. There is always joy down there and I do not know how many celebrations they have a year, but it seems to me at least every other day they have fireworks.

So, gentlemen, as you go out through this country you will find that we are Yankees; we trade close; we have sometimes a cold exterior, but underneath all that I believe, as a German said in sorrow in 1917, when he saw that we were going to take up the gauntlet that they threw down when the submarine warfare was resumed: "I understand now that we have made a grievous mistake because the Americans are the most idealistic people in the world." You will find that underneath our cold exterior, I assure you, warm hearts, and throughout the country we shall welcome you in our own peculiar fashions, in our provincial ways, but when you go home I am sure somehow you will carry the impression that we love you all.



[Note: For the convenience of readers the reports of committees are taken from the order in which they appear in the stenographer's record and shown here, the closing exercises of the Conference following them.—EDITOR.]

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## Reports of Committees.

### PERSONNEL OF PROGRAM COMMITTEE.

Reports of the Standing Committees were adopted as follows:

JOHN H. FAHEY, General Chairman.  
ANDREW H. PHELPS, General Secretary.

#### AMERICAN COMMITTEE FOR BELGIUM.

ALEXANDER J. HEMPHILL, Chairman, Guaranty Trust Co., New York.  
JOHN N. VAN DER VRIES, Secretary, Chicago, Ill.  
DENNISON, HENRY S., President, Dennison Mfg. Co., New York.  
TRIPP, GUY E., Westinghouse Elec. & Mfg. Co., New York.  
MINER, EDWARD G., The Pfaulder Co., Rochester, N. Y.  
KELLOGG, DR. VERNON, National Research Council, Washington, D. C.  
GADE, LIEUT.-COM. JOHN A., New York.  
VAN SCHAIK, COL. JOHN, JR., President, Board of Education, Washington.  
LAW, WILLIAM A., President, First National Bank, Philadelphia, Pennsylvania.

#### AMERICAN COMMITTEE FOR FRANCE.

JOSEPH P. COTTON, Chairman, New York.  
EMILE J. BALLYE, Secretary, New York.  
FULLER, PAUL, JR., Coudert Brothers, New York.  
DAWES, CHARLES G., Central Trust Co. of Illinois, Chicago, Ill.  
McFADDEN, GEORGE, Geo. H. McFadden & Bro., Philadelphia, Pa.  
WILGUS, COL. WILLIAM J., New York.  
MACROBERTS, GEN. SAMUEL, National City Bank, New York.  
NICHOLS, DR. WM. H., General Chemical Co., New York.

AMERICAN COMMITTEE FOR GREAT BRITAIN.

IRVING T. BUSH, Chairman, President, Bush Terminal Co., New York.

M. B. TREZEVANT, Secretary, New York.

CLARKE, E. A. S., President, Consolidated Steel Corporation, New York.

ARNOLD, JOHN J., First National Bank, Chicago, Ill.

CRAVATH, PAUL D., Cravath & Henderson, New York.

GREENE, JEROME D., Lee, Higginson & Co., New York.

MCCORMICK, VANCE C., Harrisburg, Pa.

POWELL, FRANCIS E., W. C. Tagle, New York.

STONE, CHARLES A., President, American International Corp., New York.

BONBRIGHT, WILLIAM P., Bonbright & Co., Inc., New York.

CARLTON, NEWCOMB, President, Western Union Telegraph Co., New York.

AMERICAN COMMITTEE FOR ITALY.

ROBERT P. PERKINS, Chairman; President, Hartford Carpet Corporation.

PAUL CLAGSTONE, Secretary, San Francisco.

BAKER, GEORGE F., JR., Vice-President, First National Bank, New York.

PATTERSON, ALBERT M., Patterson & Greenough, New York.

HURLEY, EDWARD N., Chicago, Ill.

WOOLEY, ROBERT W., Interstate Commerce Commission, Washington, D. C.

BABST, EARL D., President, American Sugar Refining Co., New York.

SMYTH, CALVIN M., President, Young, Smyth, Field & Co., Philadelphia, Pa.

MADDOX, ROBERT F., President, American Bankers' Assn., Atlanta, Ga.

MOORE, DR. JOHN BASSETT, New York.

## COMMITTEE ON CREDIT AND FINANCE.

## BELGIUM.

M. HANKAR.  
M. JANSSEN.  
M. VAN DEN VEN.  
M. CANON LEGRAND.  
M. NEVE.  
M. DE GROOTE.

## FRANCE.

M. BARON DU MARAIS.  
M. ANDRE HOMBERG.  
M. LOIZEAU.  
M. MAURICE BOYER.  
M. DE FREMINVILLE.  
M. PESSON-DIDION.  
M. ROCHE.  
M. INGOUF.

## GREAT BRITAIN.

SIR JAMES HOPE SIMPSON.  
SIR ARTHUR SHIRLEY BENN.  
MR. MARSHALL STEVENS.  
HON. J. G. JENKINS.  
BAILIE JOHN KING.  
MR. FRANK MOORE.

## ITALY.

PROF. B. ATTOLICO.  
D. GIDONI.  
G. FUMMI.  
A. JACCARINO.  
G. BIASUTTI.  
I. MARCHISIO.  
F. BAVA.  
G. PEDRAZZINI.  
L. PERERA.  
L. SOLARI.  
A. PEDRINI.  
O. RISO.  
SIG. LERRO.  
SIG. FUSI.  
E. GERLI.  
R. SANTINI.



AMERICA.

- JAMES S. ALEXANDER, Chairman; President, National Bank of Commerce in New York.
- GUY EMERSON, Vice-Chairman; Vice-President, National Bank of Commerce in New York.
- FRED. N. SHEPHERD, Secretary, Chamber of Commerce of the United States, Washington, D. C.
- M. B. TREZEVANT, Assistant Secretary, Chamber of Commerce of the United States, Woolworth Bldg., New York City.
- JOHN T. WEBBER, Assistant Secretary, Chamber of Commerce of the United States, Otis Bldg., Chicago, Ill.
- AIKEN, ALFRED L., Pres., National Shawmut Bank of Boston, Boston, Mass.
- ALDER, T. P., Treasurer, U. S. Steel Products Exports Co., New York.
- ANDERSON, FRANK B., President, Bank of California National Association, San Francisco, Cal.
- BEDFORD, E. T., President, Corn Products Refining Co., New York.
- BEEBE, H. F., Export Manager, Winchester Repeating Arms Co., New Haven, Conn.
- BELL, JAMES F., Vice-President, Washburn Crosby Co., Minneapolis, Minn.
- BONBRIGHT, WM. P., Bonbright & Co., New York City.
- BOUDEN, J. E., Jr., President, Whitney Central National Bank, New Orleans.
- BROWN, JAMES, Brown Brothers & Co., New York City.
- BROWNE, L. R., Credit Manager, International Western Electric Co., New York City.
- BURNETT, C. R., President, National Association of Credit Men, New York City.
- BUSH, IRVING T., President, Bush Terminal Co., New York City.
- CALWELL, CHARLES S., President, Corn Exchange Bank, Philadelphia, Pa.
- ERICKSON, O. T., Credit Manager, Carter's Ink Company, Boston, Mass.
- FORBES, ALLEN B., Harris, Forbes & Co., New York City.
- GRAHAM, ALBERT D., President Union Trust Co., San Francisco, Cal.
- HELLMAN, I. W., President Union Trust Co., San Francisco, Cal.
- HEPBURN, A. BARTON, Chairman of the Advisory Board, Chase National Bank, New York City.
- HILL, LOUIS W., Chairman, Board of Directors, First National Bank, St. Paul, Minn.
- HULBERT, E. D., President, Merchants Loan & Trust Co., Chicago, Ill.
- JAFFRAY, C. T., President, First and Security National Bank, Minneapolis, Minn.

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- KELLEY, CORNELIUS F., President, Anaconda Copper Mining Co., New York.
- KRECH, ALWIN W., President, Equitable Trust Co., New York.
- LANE, MILLS B., President, Citizens & Southern Bank, Savannah, Ga.
- LAW, WILLIAM A., President, First National Bank, Philadelphia, Pa.
- LEE, GEORGE C., Lee, Higginson & Co., Boston, Mass.
- McELDOWNEY, H. C., President, Union Trust Co., Pittsburgh, Pa.
- MADDOX, ROBERT F., President, Atlanta National Bank, Atlanta, Ga.
- MATHER, SAMUEL, Pickands, Mather & Co., Cleveland, O.
- MORROW DWIGHT W., J. P. Morgan & Co., New York City.
- PIERSON, LEWIS E., Chairman, Irving National Bank, New York City.
- PROSSER, SEWARD, President, Bankers Trust Company, New York City.
- RAMSDELL, HARRY T., President, Manufacturers & Traders National Bank, Buffalo, N. Y.
- REYNOLDS, ARTHUR, First Vice-President, Continental & Commercial National Bank, Chicago, Ill.
- RHETT, R. GOODWYN, President, Peoples National Bank, Charleston, S. C.
- ROWE, W. S., President, First National Bank, Cincinnati, Ohio.
- RUE, LEVI L., President Philadelphia National Bank, Philadelphia, Pa.
- SABIN, CHARLES H., President, Guaranty Trust Co., New York City.
- SCHIFF, MORTIMER L., Kuhn, Loeb & Company, New York City.
- SHERWIN, JOHN, President, First National Bank, Cleveland, Ohio.
- STILLMAN, JAMES A., President, National City Bank, New York City.
- STOCKTON, PHILIP, President, Old Colony Trust Co., Boston, Mass.
- STRAUSS, FREDERICK, J. & W. Seligman & Co., New York City.
- STUART, H. L., President, Stuart & Co., Chicago, Ill.
- SWINNEY, E. F., President, First National Bank, Kansas City, Mo.
- WADE, FESTUS J., President, Mercantile Trust Co., St. Louis, Mo.
- WATTS, F. O., President, Third National Bank, St. Louis, Mo.
- WETMORE, F. O., President, First National Bank, Chicago, Ill.
- WINSOR, ROBERT, Kidder, Peabody & Co., Boston, Mass.

MINUTES OF CONFERENCE WITH FOREIGN DELEGATIONS  
INTERNATIONAL TRADE CONFERENCE, ATLANTIC CITY.

The Committee on Credit and Finance held its conferences with the representatives appointed from the British, French, Belgian and Italian delegations on October 20 to October 22, inclusive. In general these conferences were informal in character and discussion of the situation in the respective countries was very free and frank. In furtherance of the fullest and frankest possible interchange of views between the American and foreign representatives, it was agreed by mutual consent that no stenographic record of the proceedings be made, the great object of the conference being, not the creation of a record of definite facts, but rather a starting point of mutual understanding from which concrete action could be developed.

OCTOBER 20, 1919—CONFERENCE WITH BRITISH  
DELEGATION.

The meeting with the British delegation was called to order at 2.15 P. M. by James S. Alexander, Chairman. The following members of the British Mission had been appointed to confer with the Committee on Credit and Finance:

SIR ARTHUR SHIRLEY BENN, K. B. E., M. P.; Chairman, London.  
SIR JAMES HOPE SIMPSON, Director and General Manager, Bank of Liverpool.

MR. MARSHALL STEVENS, M. P., Manchester.

HON. J. G. JENKINS, Corbiston, London; Member of Finance, General Purposes and Merchants Committees, London Chamber of Commerce; V. P., British Producers Association; former Premier, South Australia.

BAILIE JOHN KING, Chairman, National Light Castings Association, Glasgow.

MR. FRANK MOORE, Eady & Murcott Goode, Ltd., Leicester.

Sir James Hope Simpson, introduced by Mr. Alexan-



der, reviewed the financial situation of Great Britain and pointed out the soundness of her government and private financial condition; and also her international banking situation due to remaining investments in foreign securities and to invisible items in the balance of indebtedness, such as money paid to Britain in the form of shipping charges, insurance premiums, banking commissions, etc. He declared also that labor conditions and industrial methods were improving. Sir James expressed the conviction that every British business man who asked for credit would do so having in mind commercial transactions on which he could make a profit and out of the proceeds of which he could certainly pay whatever was advanced. He indicated that Great Britain desired simply the maintenance of existing business and credit relationships with the United States and was not seeking on her own behalf for the creation of any special or unusual credit arrangements.

#### OCTOBER 21, 1919—CONFERENCE WITH FRENCH DELEGATION.

The Committee on Credit and Finance held two sessions with the French representatives; the first commencing at 10 o'clock and the second at 2.15. The following members of the French delegation had been appointed to meet with the Committee on Credit and Finance:

- M. EUGENE SCHNEIDER, Chairman, Head of Creusot Iron Works.
- M. LE BARON DU MARAIS, Vice-Chairman of Mission, Director of Credit Lyonnais.
- M. ANDRE HOMBERG, Vice-President of the Societe Generale.
- M. LOIZEAU, Engineer, of the Credit Lyonnais; Assistant to M. le Baron du Marais.
- M. BOYER, Director of American Services in the Bank of Paris; Assistant General Secretary.
- M. DE FREMINVILLE, Engineer at Schneider establishment.
- M. PESSON-DIDION Mining Engineer; Delegate of the Union of Metallurgical and Mining Industries; Director of the Societe Centrale pour l'Industries Electrique.
- M. ROCHE, Delegate of General Syndicate of Chemical Products; Director of the firm of Poulens Brothers.
- M. INGOUF.

Mr. Alexander introduced M. Schneider, who reviewed briefly the financial situation of the French Government, pointing out that it was under the necessity of advancing large sums for the rehabilitation of devastated regions, which sums were expected to be reimbursed by Germany, and correcting the misunderstanding of many persons in this country that the French people were averse to severe measures of taxation.

M. Schneider then introduced M. le Baron du Marais, who made a detailed statement covering the economic and financial condition of France. He outlined the situation with respect to the output of coal, iron and steel, and other metals, and textiles. He pointed out further the character of the resources and production of French colonies in several parts of the world and then indicated the progress which France had already made in rehabilitating devastated regions.

After reviewing the French budget for the fiscal year, Baron du Marais pointed out that what the French need is simply sufficient time to enable their production and consequently their exports to be resumed. For this purpose France requires credits from foreign countries of sufficient amount to cover her needs for raw materials and for a certain amount of foodstuffs, and of long enough maturity to permit the processes of production and exportation to be resumed.

Following Baron du Marais' statement, the meeting was opened to discussion and the American representatives discussed fully with the French representatives the financial situation of the French Government and plans for increasing taxes to cover expenditures. There was likewise a full discussion of various methods by which credits might be extended under such measures as the Edge bill. The terms under which foreign securities would be marketable in this country were considered at length.

OCTOBER 22, 1919.—CONFERENCE WITH BELGIAN  
DELEGATION.

The Belgians delegated to confer with the Committee on Credit and Finance were:

- M. FLORIMOND HANKAR, Chairman, Director, National Bank of Belgium; Honorary Director General, Savings Bank of Belgium.
- M. ALBERT E. JANSSEN, Director, National Bank of Belgium, Professor University of Louvain.
- PROFESSOR PAUL VAN DEN VEN, University of Louvain, Delegate of Belgian Minister of Finance, at Paris Conference.
- M. CANON-LEGRAND, President, Chamber of Commerce, Mons; Construction Engineer; Permanent President, International Congress of Chambers of Commerce.
- M. ALBERT NEVE, Departmental Director, Ougree-Marihaye Works, Liege.
- M. ALEXANDRE DE GROOTE, Vice-President, Antwerp Chamber of Commerce.

The meeting was called to order at 10 o'clock by Mr. Alexander. He then introduced M. Florimond Hankar who reviewed briefly the situation of the Belgian Government, pointing out that Belgium was in a strong position because all of its war expenses had been advanced by the Allies and would be reimbursed to them by Germany, and further because Germany under the terms of the peace treaty was called on to make certain additional payments to Belgium in advance of those made to the Allies generally. In the discussion which followed, the nature of the obligations to be assumed by Germany on behalf of Belgium was explained in detail. M. Hankar pointed out that the banks generally were in sound condition and had largely increased their capital. He further emphasized the rapid progress which is being made in restoring normal industrial and mining production and referred to the satisfactory labor situation.

Agriculture, M. Hankar stated, is in a very flourishing condition and while in parts of the country, particularly that damaged by trench warfare, production had



not yet been restored, still a start had been made in this direction and the Germans were obliged to repair the damage to the country. The Belgian delegation indicated that they desired credits in this country sufficient to enable them to purchase raw material, especially cotton, and of long enough maturity to permit of the resumption of exports which would furnish exchange to liquidate their indebtedness.

#### OCTOBER 22, 1919—CONFERENCE WITH ITALIAN DELEGATION.

The meeting with the Italian delegates was called to order at 2:15 P. M. The members of the Italian Mission appointed to confer with the Committee on Credit and Finance were:

COMMANDER PROF. BERNARDO ATTOLICO.

COMMANDER DOMENICO GIDONI, Delegate of the Italian Treasury.

CHEVALIER GIOVANNI FUMMI, Stock Broker.

COMMANDER DR. AUGUSTO JACCARINO, Representative of the Banco di Napoli.

CHEVALIER GAETANO BIASUTTI, Representative of the Banco Italiana di Sconto.

DR. ILDO MARCHISIO, Representative of the Banco di Roma.

CHEVALIER FELICO BAVA, Representative of the Credito Italiano.

CHEVALIER GUIDO PEDRAZZINI, Representative of the Banca Commerciale, Italiana.

SIG. PERERA.

SIG. L. SOLARI.

SIG. A. PEDRINI.

SIG. O. RISO.

SIG. LERRO.

SIG. FUSI.

SIG. E. GERLI.

SIG. R. SANTINI.

Professor Attolico, introduced by Mr. Alexander, summarized briefly the Italian situation, pointing out that their present needs arise out of the suppression of trade during the war, but on the other hand the transition from war activities to peace activities is comparatively simple in Italy, which is predominantly agricultural rather than

industrial in its activities. He referred to the favorable situation of Italy as a clearing center for the movement of goods between the East and the West. Italy likewise will benefit by the resumption of tourist trade which is an important item in her economy and which was cut off during the war.

Professor Attolico then introduced Commander Gidoni who discussed in greater detail the financial position of the Italian Government and the terms of the forced loan by which it is proposed to secure the retirement of a considerable portion of the floating indebtedness and paper currency. Commander Gidoni further outlined Italy's requirements for goods to be imported from other countries for the year and explained the terms of syndicate formed by the leading Italian banks to facilitate the financing of these imports.

The meeting was then opened to discussion and the American and Italian representatives went over the situation with the greatest frankness. The method by which the Italians propose to obtain foreign credits through the banking syndicate above referred to was discussed thoroughly and the financial condition of the Government and of the banks was further reviewed.

In general the object of the Italian delegation was to secure in this country a long term credit of sufficient amount to provide for the purchase of merchandise, principally raw materials, in the United States.

As a result of these conferences with the foreign delegations and as a result of further consideration on the part of the members of the Committee on Credit and Finance of the facts and conditions presented, the following report was prepared and was submitted to the open session of the International Trade Conference on Friday, October 24, 1919, by Chairman Alexander:

#### REPORT OF COMMITTEE.

Your Committee on Credit and Finance was invited to meet here to confer with business and financial representatives of England, France, Italy and Belgium, for a

frank discussion of facts and exchange of views. It was hoped that a better understanding of the needs involved and of the resources available to meet these needs would be reached.

Your Committee began its sessions on Sunday, October 19, with the purpose of developing the views of the American bankers and business men on the Committee who come from every section of the United States. This group has met, in turn, with the distinguished missions from the nations represented at the Conference and has had the opportunity of hearing statements of extreme value with regard to the economic, industrial, commercial and financial situation in those countries.

In addition to this information the Committee has been advised to some extent of the needs of other nations; many measures have been discussed informally which have to do with supplying the necessities of life to the stricken areas of Europe. It is not within the authorization of the present committee to discuss officially here the countries not represented at this Conference.

The entire situation has taken on a new significance because of the personal contact made possible by the presence of men of such ability and long experience in international trade and finance. The spoken word is always more vivid than the written word. All this material submitted to us will be presented to the Chairman of the Trade Conference within a few days. In the meantime it may be said in general that, after hearing all the statements made here and studying as far as time permitted the facts and opinions submitted by foreign and American delegates to this Conference, your Committee regards this situation not as one of finance purely, but rather as a great world problem arising out of the interplay of social, economic and political forces stirred into action by the world war. It must be self-evident, therefore, that no single all-inclusive formula will solve it.

And yet we believe that ways and means can be found to furnish what is asked of us by the countries which have told of their needs at the Conference. Of course, until the factories are again in full operation and these countries have thus substantially decreed their imports and increased their exports, it is clear that they must not be expected to make immediate payment in the United States for the materials they need.

The missions in turn have emphasized the ability and determination of their nations to meet their obligations



as they have always met them in the past. They have stated that they expect any loans negotiated here to be on terms and conditions that will meet our domestic situation. The British Mission has not asked for any special aid for their country. The need of these countries which do desire aid of us at this time is in the nature of assistance only until the peak of their reconstruction period is passed. The length of that period will vary in different countries in proportion to the extent of the destruction of war and also in proportion to the speed with which their internal economic machinery can be fully set to work. The foreign missions point out further that the duration of their period of trial will depend to some extent upon the speed with which our aid is rendered. They are already at work. But without help from the outside, they cannot approach a maximum of industrial activity for a long period.

How are these needs to be met? European conditions are such that to a large extent our exports must be made on long-time credits. We find evidence of belief among American exporters that the banks should provide funds for financing of our exports to Europe in such a manner as to place upon the banks the burden of the transaction.

The banks are eager to help. The difficulty is that commercial banks, as custodians of funds, under obligation to repay deposits on demand, are prevented both by law and by sound business practice from tying up their assets in long-time loans. We find this view understood and confirmed by the distinguished bankers among our European guests. American banks are today functioning normally in the financing of a substantial part of our foreign trade. To the extent that what we export is balanced by what we import, banks can very well make the temporary advances required. But the problem of financing the excess of our exports over our imports, the problem of supplying the long-term credits to cover the balance of trade, is not one for the banks alone. Neither can the banks and the merchants solve it alone, because the extent to which merchants and producers can properly tie up their working capital in long-time advances to foreign customers is limited.

To the extent that long-time credits are required, therefore, it is clear that special machinery must be set up and that, while the commercial banker will have an important role to play, a large responsibility must rest with other elements in the population, notably the in-

vestment banker, the exporter, the producer of goods for export and, most important of all, the American investor.

To meet the problems of long-time commercial credits your Committee believes that organizations of the type contemplated in pending legislation constitute a valuable part of the new machinery needed to meet the present emergency. We have discussed at the Conference the possibilities of corporations formed under the provisions of the Edge Bill, the principles of which have been enunciation and other influential organizations. We recommended by a committee of the American Bankers' Association that steps be taken to expedite the speedy passage of that legislation. We have given study also to the powers of the War Finance Corporation as a helpful agency in the present situation. We believe further careful study should be given to both these agencies with a view to bringing about not government initiative in this work, but rather the establishment of a coöperative relationship which will give help and encouragement to private initiative and increase the broadest confidence on the part of the public as a whole in the credit machinery to be set up.

It should be stated again that no corporation which may be set up can take the place of individual ingenuity and the wide variety of effort and skill on the part of business men and bankers, working out in detail with business men and bankers in Europe, specific transactions. Some of these may be individually small. But the success of one will lead rapidly to the development of others, until in the aggregate the business done will be large. A return of this normal intercourse, we believe, is the ultimate objective desired on both sides of the water and should be constantly kept in mind and encouraged even while we are devoting ourselves so earnestly to providing unusual and temporary measures to meet emergency needs.

It is in the attitude that your Committee has approached the formation of corporations of substantial size, under provisions similar to those in the Edge Bill. An organization with ample capital with facilities to obtain full credit information abroad, and with a personnel which will insure an unquestioned standing at home and abroad appears to be, in the estimation of your Committee, an expedient well worth support at this time.

When such a corporation is established and is ready to issue its debentures, it is our belief that the securities to be offered to the American public should stand on



their merit as an investment. We feel that if a security is made available through the established investment selling machinery of the United States, on a business basis, the American public will demonstrate that they have a deep interest in the grounds of friendship in the splendid peoples who bore the greatest share of the war, and with whom our soldiers fought side by side until victory was won. Nor will our people be unmindful of the fact that men, women and children in some sections of Europe will die of disease and starvation unless help is speedily forthcoming from us. And, finally, we believe the investing public realizes that the world is suffering from the contagion of social unrest and radicalism, breeding a disregard for law and order which endangers the very existence of democratic institutions. It is to our interest to aid in re-establishing law and order everywhere.

Your Committee is deeply impressed with the necessity of action which will meet as quickly as possible both the desires of our foreign friends and the wishes of our own people. There is no lack of desire to help. There is no lack of vision as to the deep and far-reaching significance of the problem, not only from the point of view of America, but from the point of view of the world. But your Committee has found the utmost diversity of judgment and opinion among thoughtful men of wide experience in these matters as to the proper measures to be taken. And this is not unnatural. The world situation today presents the greatest financial problem of history. Never in peace or war has there been a situation involving on the one hand such a variety of widely divergent requirements, and on the other hand such a complication of difficulties in the way of meeting those requirements promptly and soundly.

And yet with the very difficulty of the problem there goes a challenge to the skill, the ingenuity and the public spirit of America. Business men and bankers can meet this situation if they have the active support of the nation, of labor, of the farmers, of the professional men and women, and of the press, and the sympathetic coöperation of public officials. It is a matter for study, for wise counsel, and for action which shall move forward in a sure and conclusive way because it is a right way.

Looking to the future, it is a subject which must be approached so as to meet not only the urgent needs of the moment but also to lay the foundations for broad, accurate and world-embracing knowledge, on the part of



Americans, of foreign investment. Our American necessities have very properly occupied our minds during the few crowded generations in which we were building a great nation across a wilderness of forests and prairies. But increasingly in the future, business and finance must be regarded from the point of view of the rights and responsibilities of all the peoples of the world. Economic isolation is today a contradiction in terms. If we do not now prepare to do our share in this situation, we shall most surely find in another generation, when the world has resumed its orderly course of business, that America has not held her proper position in world affairs.

Your Committee believes that the understanding in this country of this situation has been distinctly advanced by the work of the present Conference.

This Committee has finished its work. But the great problems presented require continuous study and coördination. Therefore, your Committee recommends that a new committee shall immediately be appointed by the Chamber of Commerce of the United States to carry on the work initiated at this Conference, and to put to practical use the material accumulated here. It is felt that the new committee should represent the responsibility of the entire country in meeting this national emergency. It should be so constituted, either in its full membership, or through a sub-committee as to be able to devote at once a substantial amount of time to the work in hand, to consult with all the interests involved, and to keep at the job until it is finished. Members of your present Committee on Credit and Finance are prepared to join with this new committee if desired. We believe that your new committee will receive the active coöperation of the country, and that it can proceed to the actual definition and effective working operation of the practical measures necessary.

JAMES S. ALEXANDER, *Chairman.*

## COMMITTEE ON CHEMICALS.

## FRANCE.

M. ROCHE.

M. DE PELLERIN DE LA TOUCHE.

M. PONCET.

M. PARMENTIER.

M. INGOUF.

M. DE FREMINVILLE.

M. PESSON-DIDION.

## ITALY.

F. QUARTIERI.

E. BARONI.

P. G. LAZZERINI.

A. ANZANI.

O. ROSSATI.

## AMERICA.

CHARLES H. MACDOWELL, Chairman,  
President, Armour Fertilizer Works, Chicago, Ill.

E. T. CONNOLLY, Vice-Chairman and Secretary,  
Acting Secretary, Manufacturing Chemists Association,  
Boston, Mass.

ALFRED P. PERKINS, Assistant Secretary,  
Chamber of Commerce of the United States,  
Woolworth Bldg., New York City.

BOWKER, HORACE, Secretary, American Agricultural Chemical Co.,  
New York City; President, Chemical Alliance, New York City.

BRUNKER, ALBERT R., President, Liquid Carbonic Company, Chi-  
cago, Ill.

CHASE, M. F., Consulting Chemical Engineer, Leonard Construc-  
tion Co., New York City.

CHILDS, WILLIAM HAMLIN, President, The Barrett Co., New York  
City.

CORNWELL, WM. R., Secretary, American Dyes Institute, New  
York City.

DOW, H. H., General Manager, Dow Chemical Company, Midland,  
Michigan.

GARVAN, FRANCIS P., Alien Property Custodian, Washington, D. C.  
GRASELLI, E. R., Grasselli Chemical Co., Cleveland, Ohio.

HANDY, H. H. S., Vice-President, Semet-Solvay Co., Syracuse,  
New York.

HOWARD, HENRY, Vice-President, Merrimac Chemical Co., Boston,  
Massachusetts.

MILLER, C. WILBUR, President, Davison Chemical Company, Bal-  
timore, Md.

PENNOCK, J. D., Solvay Process Company, Syracuse, N. Y.

REESE, DR. C. L., E. I. DuPont de Nemours & Co., Wilmington, Del.  
ROSENGARTEN, A. G., Powers-Weightman-Rosengarten Co., Philadelphia, Pa.

SERGEANT, E. M., Second Vice-President, Niagara Alkali Co.,  
Niagara Falls, N. Y.

TAYLOR, DR. ALONZO A., University of Pennsylvania, Philadelphia,  
Pennsylvania.

WIGGLESWORTH, HENRY, General Chemical Company, New York  
City.

### REPORT OF CHEMICALS COMMITTEE MEETING WITH FRENCH DELEGATES.

The American Chemicals Committee met with the French Chemicals Mission on Monday, October 20th, at 8.15 P. M., in Room 131, Hotel Traymore, Atlantic City, New Jersey.

The following were present:

#### FRANCE.

M. ROCHE

M. DE PELLERIN DE LA TOUCHE

M. PONCET

M. PARMENTIER

M. INGOUF

M. DE FREMINVILLE

M. PESSON-DIDION

#### AMERICA.

CHARLES H. MACDOWELL, Chair-  
man.

EUGENE T. CONNOLLY, Vice-  
Chairman and Secretary.

ALFRED P. PERKINS, Assistant  
Secretary.

HORACE BOWKER

H. H. DOW

E. R. GRASSELLI

H. H. S. HANDY

HENRY HOWARD

C. WILBUR MILLER

J. D. PENNOCK

DR. C. L. REESE

A. G. ROSENGARTEN

E. M. SERGEANT

HENRY WIGGLESWORTH

Mr. MacDowell opened the meeting by welcoming the French delegates. He referred particularly to the valuable contributions made by the French scientists in the development of the chemical industry and their splendid achievements along the lines of pure science. He stated that the chemical industry was so diversified and cov-



ered so broad a field and that chemical products were raw materials in the making of so many finished products and contributed so largely to their quality and value that it was difficult to outline any program for special discussion; that at the moment the dyestuffs industry was much to the front and that each of the Allied countries was studying the further development of this industry with the idea of making it as complete and self-supporting as possible; that generally speaking, heavy chemicals were consumed at home and that under ordinary circumstances there would not be much opportunity for the exchange of heavy chemicals between the United States and France; that if certain agricultural and heavy chemicals could be spared from the United States and shipping space secured that he felt France could advantageously use these materials in preparation for the coming Spring's planting; that unfortunately strikes and other circumstances made it unlikely that any large tonnage could be spared from the United States; that the American chemical manufacturers represented by the delegation present were greatly privileged in having the opportunity of meeting the French delegates and in ascertaining from them just what help it could be to the French industry either in the way of purchases from them or sales to them of needed product; that the rather distressing coal outlook in France for the immediate future might restrict manufacture of some heavy chemicals in France, which shortage could in part be supplied by United States manufacturers.

M. Roche, speaking for the French representatives, advised the meeting that before the war France had produced a large supply of heavy chemicals and a sufficiently large supply of fine chemicals, and had exported caustic soda and potash, but that during the war the manufacture of fine chemicals naturally fell off. He pointed out that the United States was naturally in a better position than France, two of the chief reasons being that she had wisely kept her chemists at home and

in the factories during the war and had entered the war two years later than France.

He stated that much preparatory work is now being done in France in the manufacture of dyes and that two large concerns are active in this work, but that the establishment of the dye industry which is so essential to a country, especially from a military point of view, will naturally take quite a long time. He raised the question as to whether the United States chemical interests and French chemical interests could not enter into some sort of arrangement for the sale of chemical products throughout Europe.

He stated that the labor conditions had been critical up to May; that the spirit of the discharged men was good, although they were physically tired, and that the commanding men also were tired; that their strikes were light and not especially dangerous. He was rather optimistic as to the future.

In regard to the sale of certain United States chemical products, he suggested that it would be beneficial to France if the American manufacturers would sell such products as they wished to sell in France directly to such concerns in France as manufacture similar products, instead of selling them on the open market. He added that this might be done in case of dyes and pharmaceuticals by private agreement. This he thought would lessen the competition which the French manufacturer would otherwise be subjected to, and would enable the French manufacturer to re-establish himself, although, by way of suggestion he said that any such agreements should be not for a few years, but for longer periods.

It was stated that France might desire to import a certain amount of wood distillates from the United States, and Mr. MacDowell remarked that in such an event the Committee would put the French concerns in touch with the American concerns which would sell these products.

M. Roché stated that the most important chemical export that could be offered by France was potash from the

Alsatian mines, that they were prepared to ship mine run potash and a limited quantity of the 80% chloride; that it was figured they should be able to spare, over and above their own requirements, some 50,000 tons  $K_2O$  for shipment over the winter and spring months and they would like to see the United States purchase this material; that the condition of the mines was rapidly improving as machinery was being put in shape and as labor was trained, and that they hoped within two or three years to be able to take care of not only their own but general Allied requirements.

The meeting was advised that the development of the alkali and caustic soda industry in the United States during the war had been extremely rapid; that the production in 1919 would be 100% greater than the production in 1914; and that five American plants could produce enough for the entire world.

It was stated that, as far as alkalis are concerned, it is probable that France can take care of herself in regard to this particular production.

It was suggested that France would probably need some sulphate of ammonia at once; that the production of sulphate of ammonia, of course, would be dependent upon the coke ovens, and, in turn, the coke ovens would be dependent upon the need of the steel industry for coke.

The meeting then developed into a general discussion of the situation. The various members of the American committee were introduced and told what products their respective companies were manufacturing. One member of the American Committee stated that his company would buy every bit of potash that France can sell and deliver to this country. He added that, of course, he would be interested in selling his products to the French, but what he was especially anxious to do was to buy the potash from France.

In answer to the question as to what products France would probably be in a position to export, M. Roché said that France probably would be able to export some wood



extracts, bauxite, synthetic products, oxide of antimony, and some perfumes, but that the manufacture of perfumes at present was difficult because of the high taxes.

M. Roché raised the question as to the importation of certain products into this country because of the patents which are now held by the Chemical Foundations, Inc. He was advised that if there were any difficulties they could probably be worked out to France's satisfaction.

Mr. MacDowell suggested that a study could be made of the question of standardization and uniformity of chemical products, contracts and terms. The meeting discussed this matter for a short while.

The Conference with the French Chemical Mission may be summed up as follows:

The Conference resulted in an interesting discussion of the present conditions of the French and American chemical industry, but it developed that there did not seem to be any special way in which the United States can materially help France, except in so far as this country will take potash from the Alsatian mines, and it was indicated that this country will, for a time, take all the potash which Alsace can produce above the requirements of France, and for which France can obtain shipping facilities for delivery here.

Arrangements were made whereby the French delegates may interview the members of the American Committee and others interested in chemical products in their offices in order to take up any business propositions that the French delegates may have in mind.

Invitations were also extended to the delegates to visit many of the American chemical plants.

#### REPORT OF CHEMICALS COMMITTEE MEETING WITH ITALIAN DELEGATES.

The American Chemicals Committee met with the Italian Chemical Mission on Tuesday, October 21, at 2:15

o'clock P. M., in Room 131, Hotel Traymore, Atlantic City, New Jersey.

The following were present:

#### ITALY.

F. QUARTIERI  
E. BARONI  
P. G. LAZZERINI

A. ANZANI  
O. ROSSATI

#### AMERICA.

CHARLES H. MACDOWELL Chair-  
man.  
EUGENE T. CONNOLLY, Vice-  
Chairman and Secretary  
ALFRED P. PERKINS, Assistant  
Secretary.  
HORACE BOWKER  
H. H. DOW  
E. R. GRASSELLI

H. H. S. HANDY  
HENRY HOWARD  
C. WILBUR MILLER  
J. D. PENNOCK  
DR. C. L. REESE  
A. G. ROSENGARTEN  
E. M. SERGEANT  
HENRY WIGGLESWORTH

Mr. MacDowell called to the attention of the meeting the skill of the Italians along scientific engineering and chemical lines, and to the very complete and large chemical and industrial plants in northern Italy. He referred to the general increase in chemical manufacture in the different Allied countries coming as a result of the war and stated that America had surplus manufacturing capacity for certain products and was increasing her exports; that, in the development of the chemical industries of Allied countries, export markets will naturally be sought and that there will be strong competition between the different Allied countries; that this competition should be carried on in a friendly way and that each country's chemical manufacturers should aim to supplement their own lines with the products of other Allied countries in world's merchandise as far as it was possible to do so. He further stated that the American chemical industry would be interested in ascertaining in what ways it might be able to help Italy and in what way it could benefit from Italy; that in many respects Italy possessed

strategic advantages in the development of her chemical and other industries as far as the Mediterranean, the near East, and eastern trade was concerned; that she had abundant water power which could be largely developed; that she was well located for the distribution of products made; that her traders were familiar with the needs and peculiarities of the consumers through business connections already established. He said that there was reason to believe that in some branches of chemistry the manufacturers of the United States and Italy could find it mutually profitable to work together and that investments of United States capital in Italy might prove of mutual advantage and that he thought United States manufacturers would seriously consider making such investments.

F. Quartieri, in reply, spoke in substance as follows:

Italy has devoted herself very strenuously of late to the development of chemical manufacturing industries at home. One valid incentive has been the fact that the raw material requisite for this branch of commerce is not a very important item, and the processes of transformation from war industries have been most admirably carried out by our workers, and by the highly skilled technical staffs which Italy has at her disposal.

In figuring out these transformation expenses—which are infinitely less costly in Italy than in any other country—we feel confident that the finished article will work out cheaper in Italy than elsewhere. It is quite evident that, in a commercial contest in this field, America with her immense resources, would be in a position to overcome all forms of European competition—but only on condition that she was prepared to lose rather than gain over the business.

The Italian Mission is of the opinion that the most advantageous course for both industries would be that American capital should interest itself in the Italian chemical manufacturing industry, in order that we may, in unison, take the place of the once predominant Central Powers in the supply of drugs and chemical produce



to the countries of the Mediterranean Basin and Eastern Europe.

The meeting then discussed the question of investing American capital in Italian chemical enterprises. It was pointed out that the position of the Italian chemical industry was such that it must have assistance from outside, that this help can best be obtained from two countries, United States and Germany, and that the Italians wished to get help from the United States.

It was further stated that the Italian industry would wish American capital, some American raw materials, American shipping and American chemical experience. The plan that the Italian industry seemed to have in mind was a combination of American and Italian interests for manufacture, sale and the exportation of drugs and other chemical products to certain European countries, as well as their distribution in Italy.

The question was raised as to just what interests in Italy the Germans still have. The meeting was advised that all the property which had been formerly owned by the Germans had been confiscated by the Italian government and liquidated, and was no longer owned by German interests, but that the German-owned Italian chemical patents would be restored to the Germans six months after the Treaty of Peace, and that royalties would have to be paid to the Germans for the use of these patents, but that the amount of these royalties could be regulated by the Italian government.

The information was given that Italy had developed her water powers to the extent of 1,500,000 electric horse power and had reserves which could easily be developed to total in excess of five million horse power; that development of the water power would relieve the coal situation and that it was a splendid foundation on which to build industry; that the plan was to tie in the northern water powers with those developed more to the south of Italy, so that there would be an all-year-round production of power.

In regard to Italian tariffs, the statement was made

that there would undoubtedly be a high duty on finished products entering Italy but a light duty on raw materials; that there probably would be a maximum and minimum duty and that the United States would get advantage of the minimum duty; also that the importation of dyes into Italy would be regulated by license and that it probably would be difficult to import into Italy such dyes as Italy would manufacture.

As to the general Italian labor situation, the feeling was that, following some strikes in the early Spring, the situation had greatly improved; that the Italian labor was dependable and that what it wanted was work at a living wage and when this was secured, it was contented, intelligent and hard working. It was stated that labor had increased in cost during the war something like 400 per cent, figuring in lire; that it had gone up from three to twelve lire per day, the latter figuring about \$1.20 a day at the present rate of exchange.

As to the alkalies, it was stated that Italy was producing her requirements and would probably not call on the outside for supplies. She will, in the development of her chemical industry, require a small quantity of benzol.

In regard to agriculture, Signor Quartieri stated that at the moment it was in rather poor shape because of demoralized farm conditions, war damage, etc.; that the Italian government was providing for the introduction of better farm methods, reclamations, etc. He stated that Italy was not at present in shape to buy superphosphates or rock phosphates from the United States on account of the high ocean freights now prevailing; that if rates were reduced a considerable tonnage of rock phosphate could be used.

In regard to taxes, it was stated that the profit taxes will probably average about 60%, but that next year these taxes will be abolished and the income tax will range from 15% to 20%. It was explained that Italy, like England and the United States, had imposed heavy taxes out of earnings in order to meet war expenses.

The members of the Committee were then introduced

and told what companies they represented and what products their companies manufactured.

Arrangements were made whereby the Italian delegates may interview the members of the American Committee and others interested in chemical products, in their offices, in order to take up any business propositions that the Italian delegates may have in mind.

Invitations were also extended to the delegates to visit many of the American chemical plants.

### REPORT OF COMMITTEE.

The demobilization of war industries has been proceeding rapidly. This has been especially true in the chemical industry, which was so greatly stimulated during the war. Much of the chemical plant equipment needed for war production has great value in peace times. This is especially true in agricultural chemicals and dye-stuffs. By a strange coincidence, plants and cannon eat the same food, and nitrogen compounds, acids, phosphorus, potash and other alkalies and chemicals are basic commodities, both in war and peace. We are still "forging swords into plowshares," as in Biblical times. One of the difficulties of readjustment and use is that war needs stimulated a plant equipment in certain lines away beyond immediate peace requirement, and years of normal growth have been discounted. On the other hand, additional equipment will be needed to round out production held back by war needs. Before the war, Germany had a practical monopoly in several chemical lines, and, as it is easier to buy than to make, other countries had dozed along chemically and had not appreciated the basic nature of chemical production in its relation to national safety and its peculiar "key" position with regard to the chemical production. War developments brought home sharply the need of a self-contained national chemical production, and of an army of trained chemists. Since the war, manufacturers, frequently supported by their governments, have been working to change over war plants to peace production and to round out the output to the end that their countries need not go abroad for the bulk of their chemical needs. National chemical independence is recommended, and perhaps to an exaggerated degree, as international chemical commerce is important.



The two countries sending representatives of the chemical industry are France and Italy.

The meeting held with the French delegates, headed by Dr. Roché, resulted in an interesting discussion of the conditions existing both in France and in the United States and future possibilities. It was stated that it was the French purpose to develop further and completely its chemical and electro-chemical industry, and that particular attention was being paid to dye-stuffs. That following a strike extending through the early summer months, their chemical labor situation was satisfactory; that aside from the procurement of wood distillation products, there was little we could supply them; that on their part their main export in tonnage of importance would be potash from Alsace. The French delegation was informed that the United States was prepared to take for the coming spring planting all the potash Alsace could ship; that a small importation was now being received, but that strikes, interior transport and ocean shipping difficulties had so far prevented any large movement. The ocean shipping difficulties should easily be overcome as many ships are returning in ballast. It was intimated that at least 50,000 tons of pure potash, contained in, say 200,000 tons of mixed product, could be spared from French needs, for winter and spring movement, if it could be shipped.

The meeting with the Italian representatives, with Commander Quartieri as spokesman, developed similar conditions to those existing in France—war chemical plants were being changed over to peace-time requirements, and normal production would be secured as soon as necessary raw materials could be obtained. Attention was called to the fact that a considerable tonnage of American phosphate rock could be used but for the high ocean freights now prevailing. Especial attention is to be given by the Italian government to furthering the use of fertilizers in crop production. Signor Quartieri was strongly of the opinion that American capital could find profitable and helpful occupation in Italy in partnership with Italian chemical manufacturers, and that it could contribute experience, machinery and administration in the further development and rounding out of Italian chemical manufacturing; that Italy possessed fine chemists, skillful engineers, good workers and relatively cheap electrical power. He stressed the fact that Italy intended to develop her dyestuffs and general chemical industry that her own needs might be met, and that

she might be able to do an export business; that Italy possessed sulphur, pyrites, salt and other chemical raw materials in abundance and would call for little raw material from the outside. As to purchases of chemical from the United States, there was little this country could supply her with, benzol being one of the commodities. As to sales by Italy, there was not much we could import beyond that now coming here, such as citric and tartaric acid, etc.

There was much of general interest discussed at these meetings, such as reasonable uniformity in contract terms, specifications, methods of analysis, etc., in selling goods for export.

Arrangements were made for the inspection of chemical plants by the Allied delegates and for interviews between them and chemical manufacturers in this country.

The American delegates highly appreciated the opportunity of conferring with the members of the Allied Missions. The Allied chemical industry has much in common and can be mutually helpful by the exchange of research, by developing better and fairer methods of merchandising, and in other ways.

The Committee desires to point out that a continuous channel for further study and communication regarding chemical relations with our Allies exist through the Manufacturing Chemists Association of the United States, the National Fertilizer Association, and the American Dyes Institute. Communications to the Manufacturing Chemical Association should be addressed to Mr. Henry Howard, Chairman of the Executive Committee of the Association, No. 148 State St., Boston, Mass., communications to the National Fertilizer Associations should be addressed to Mr. W. D. Huntington, President of the Association, at Room 1101, Garrett Building, Baltimore, Md., and communications to the American Dyes Institute should be addressed to Mr. William R. Corwine, Secretary of the Institute, at 21 East 40th St., New York City.

CHARLES H. MACDOWELL, *Chairman.*

# COMMITTEE ON COAL.

## BELGIUM.

M. HANKAR.  
M. CANON-LEGRAND.  
M. NEVE.

## FRANCE.

M. DE PELLERIN DE LA TOUCHE.  
M. PARMENTIER.  
M. PONCET.  
M. INGOUF.  
M. WADDINGTON.  
M. GODET.  
M. VARAIGNE.

## ITALY.

P. G. LAZZERINI.  
F. QUATTRONE.  
V. E. SILVESTRI.  
E. FLORES.

## AMERICA.

FRANK S. PEABODY, Chairman,  
Chairman, Board of Directors, Peabody Coal Co.,  
Chicago, Ill.

J. D. A. MORROW, Vice-Chairman and Secretary,  
National Coal Assoc., Commercial National Bank Bldg.,  
Washington, D. C.

W. EPSEY ALBIG, Assistant Secretary,  
Chamber of Commerce of the United States, Woolworth Bldg.,  
New York City.

DOVE, J. MAURY, Washington, D. C.

FARRELL, THOMAS F., Second Vice-President, Pocahontas Fuel Co.,  
New York City.

HUTCHINSON, S. P., President, Westmoreland Coal Co., Phila-  
delphia.

HEILNER, SAMUEL, Percy Heilner & Son, New York City.



- LYONS, HENRY S., Secretary, New England Coal & Coke Co., Boston, Mass.  
 WALSH, JAMES P., Vice-President, Pittsburgh Coal Co., Oliver Bldg., Pittsburgh, Pa.  
 WILLIAMS, W. H., Vice-President, The Delaware & Hudson Co., New York City.  
 BURROWS, L. M., Castner, Curren & Bullitt, New York City.  
 GALLOWAY, A. W., Baltimore, Md.  
 CAPERTON, G. H., President, New River Coal Co., Charleston, West Virginia.  
 MCCANDLISH, LINDSAU, Hutchinson Coal Co., Philadelphia, Pa.  
 PEALE, REMBRANDT, Grand Central Terminal, New York City.  
 RENEHAN, J. A., New York City.  
 TIERNEY, J. J., President, Powhatan Coal & Coke Co., Philadelphia.  
 WATKINS, T. H., President, Pennsylvania Coal & Coke Corp., New York City.  
 WENTZ, D. B., Stonega Coal & Coke Co., Philadelphia, Pa.

The conferences of the coal committees developed the fact that France and Italy are the countries standing in greatest and most immediate need of coal; that Belgium is now producing within 90 per cent. of her pre-war capacity, and exporting to Holland, France and Italy, and that bituminous coal only is wanted. Likewise the question of American ship tonnage available, rates and, necessarily, credits. Great Britain did not participate in the Coal Committee conferences, a coal authority from that country not being in the delegation, and for the further reason that Great Britain has been, and is exporting coal to the Allied countries in amounts detailed by the representatives of the importing countries represented.

#### FRENCH COAL COMMITTEE.

The French and American Coal Committees met at the Hotel Traymore on Monday, October 20, at 2.15 P. M., Chairman F. S. Peabody, of the American committee, presiding.

Mutual felicitations were exchanged. Mr. Peabody, in his opening statement, announced that since the matter of credit and finance would be adjusted by the Committee directly in charge of those subjects, they would be omitted from discussion in the coal group. He stated that four

factors entered into the furnishing of coal by the United States to the European countries:

The supply of coal,  
 Railroad transportation,  
 Pier facilities,  
 Ocean tonnage.

At the present time, a fifth factor of importance is labor.

Concerning the labor situation at present, Mr. Peabody explained clearly, and noted the demand of the miners' organization, and the danger of the strike on November 1.

At this point M. Francois Poncet read the following statement:

#### THE COAL PROBLEM IN FRANCE AND THE ASSISTANCE OF THE UNITED STATES.

Before the war, France produced about 40 million tons of coal in round figures. Her consumption was equal to about 63 million tons. She imported 23 million tons, which made her one of the greatest importers of coal in the world.

Of these 23 million tons that France imported, 11 million came from England, 7 million from Germany and 5 million from Belgium.

The war and the German invasion not only took away half of her production, but removed half of her importation of coal.

To offset this terrific blow she was obliged to increase the production of the basins that she still possessed as much as possible, and to request England, her chief source of supply, to increase the amount of coal that was being shipped to France to as great an extent as possible.

In this way she was able not only to subsist during the war, but to feed her manufacturing plants, and develop the manufacture of war material to a large degree. Had she been able to obtain a greater amount of coal she would have been in a position to manufacture a much greater quantity of steel than was actually manufactured. It was this scarcity of coal that played an important part in limiting her metallurgical productions during the war.

The following is the after-war situation: The mines of the North of France, and the Pas-des-Calais, that yielded

20 million tons of coal in 1913, are destroyed. They will not be able to produce any coal before 1922 at the earliest, or probably before 1924, and until the normal figure of production is attained, from ten to twelve years must elapse. In the mines of Lens alone, working with a force of 40,000 h. p., it will take two years to pump out the water that has overrun the pits.

All industries in the regions which have been freed from German occupation, and which are now on the road to re-establishment, require coal. In addition, industries in general, that have derived from the war a new impetus that is being sustained and developed, require still more coal. Furthermore, the return of Lorraine to France places at the disposal of the metallurgical industries enormous quantities of iron ore that it intends to transform into pig iron and steel.

And at this point we must bear in mind that progress in industrial activity is indispensable for the recovery of France, for the payment of her debts, for the restoration of her economic equilibrium, all of which factors constitute her internal peace.

In addition to all this, the return of Alsace-Lorraine to France in no way represents a relief in the coal situation, but rather a further aggravation of it. Alsace-Lorraine produces 3,817,000 tons of coal, but her consumption reaches 11 million tons, which leaves a new (burden) responsibility of 7,314,000 tons upon France.

A consideration of these different factors gives rise to the following figures:

The coal requirements of France, which reached 63 million tons, in 1913, have now been increased to about 88 million tons. The deficit, which equalled 23 million tons, approximately in 1913, is attaining 40 million tons. To this figure, for the next ten years, we must add the 20 million tons of coal that the basins of the North and the Pas-des-Calais will be unable to yield before another ten years.

This means an annual deficit of 60 million tons of coal that we must get from outside in order to be able to live and to develop normally.

The treaty of Peace assigns to France the production of the Saar basin for a period of 15 years. The Saar basin produced 13 million tons of coal in 1913, of which it consumed  $5\frac{1}{2}$  million tons, leaving  $7\frac{1}{2}$  million tons at our disposal.

The Treaty of Peace further provides that for the next



five years Germany should deliver to France the equivalent of the production of mines that she destroyed, namely, 20 million tons. Nor is this coal to be delivered gratis; it is to be paid for at a price practically equal to the export price paid for English coal. The Treaty of Peace finally stipulated that Germany is to continue furnishing to France the normal quantities that we received from her before the war, *i. e.*, 7 million tons.

By the mere application of the Treaty of Peace we should recover, at least in theory, 34½ million tons of coal.

We have to find a further quantity of 26 million tons. Let us admit that Belgium will be able to continue to supply her pre-war figure of 5 million tons. We shall have to ask England or other countries for the remaining 21 million tons.

Now, it is superfluous to insist upon the fact that England cannot meet this total figure. We shall be more than pleased if she will be able to give us from 9 to 10 million tons. The decrease in English production that is the result of manifold reasons that have not to be taken up here, compel the British government to limit its export to a considerable degree.

That is not the sole difficulty. It is true that, according to the Treaty of Peace, Germany is to deliver 27 million tons of coal to France. But that does not mean that we can feel assured that she will meet all the obligations to which she subscribed. Germany alleges the diminution of her own production, her internal difficulties and a thousand other reasons in which it is not the simplest thing to distinguish sincerity from bad will.

We must take into consideration the difficulties attendant upon transportation through the Rhine, Rotterdam, and Antwerp, of such unusual amounts of coal. Canals must be prepared; new equipment is necessary. Viewing the situation in its most favorable light, and admitting that Germany will supply all that she has promised, it will not be before next May, that is, until after the winter season, that we shall be able to transport about two million tons of coal per month.

During 1920 we cannot reasonably count on more than 15 million tons, approximately, of German coal.

To sum up: To meet a deficit of 60 million tons we shall in reality receive but 38 million tons (8 million from the Saar Basin), 15 from Germany, 10 from England, and 5 from Belgium.

There remains a gap of 22 million tons. The United States can assist us in filling this gap.

We expect, through a series of systematic means, to diminish the extent of our needs in coal perceptibly. We expect to use liquid combustibles as much as possible. We shall use hydraulic force. We shall have recourse to lignite and slate-coal. We shall try to classify coal more carefully and enrich it through washings, etc. We shall thus continue the rationing of the domestic consumption of coal, which we are still forced to observe and which allows only 30 kg. of coal to a person each month.

But granted all this, whatever may be the extent of the measures that we may employ, the fact still remains that France requires a further supply of coal from the United States, which is certainly not less than from 10 to 15 million tons. At any rate, this figure seems to exceed the quantity which the United States could give us. As a result, we can really say that the French market can absorb all the coal that the United States could give it.

The problem of receiving coal in France from America resolves itself practically to a question of available tonnage, of freight, of selling price, and to the more general question of the rate of exchange.

On these points we really require more information than we can give.

We can do little more than say that because of the difficulty in obtaining freight, its cost, and the increase in the exchange rate, we have not been in a position to attempt the extensive importation of coal into France from America, except for minimum quantities. We have had resort to American coal only as a last expedient or as a desperate measure.

The net cost of a ton of American coal delivered in the port of St. Nazaire, is about 250 f. (\$32). This price exceeds the cost of English coal by about 100 f., and makes the cost of American coal practically prohibitive.

Does that mean that we shall be unable to find the assistance that we require to such an extent in the United States? Many people are of this opinion. But this is not our opinion. We believe that before we can say that the problem cannot be solved we should study it at very close range, and we are grateful that the initiative of the Chamber of Commerce has made it possible for us today to appeal to your coöperation.

The amount of tonnage that is available is a consideration that concerns you alone, in view of the present state of our fleet of coal-ships.



The freight rate may probably be decreased by making arrangements for a return freight. It can easily be conceived that an American coal-ship carrying coal to Marseilles, can bring back bauxite or Algerian iron-ore to America. It can also be conceived that by placing contracts that would provide for the delivery of a considerable quantity of coal for a period of several years would result in the lowering of the present price.

As to the questions of modes of payment, long-term credits, and that obstacle that has become almost insurmountable, the exchange, it remains for the Finance Committee to study this side of the problem which we are here considering. But, we still appeal to your personal suggestions on this point.

M. FRANCOIS PONCET.

In reply, Mr. Peabody said that the operators of the United States would be glad to furnish France the coal needed, and were quite ready to make contracts for several million tons of coal to go to France during a period of years, if such arrangements were desired by the French.

Mr. Farrell analyzed the present prices for American coal delivered in France, and showed that ocean freight accounted for three-fourths of the total delivered price. He dwelt on the fact that these high ocean rates necessarily acted as a restriction upon the development of the American export coal business. The fact, that the bituminous production this year, is approximately 100 million tons less than last year, shows clearly the ability of the American mines to supply European needs, if shipping is available to transport the coal.

Mr. Wilshire, emphasized the belief that lack of shipping was the primary difficulty of getting an adequate supply of coal to France in the immediate future. He said, he was confident that the coal could be produced to the amount necessary, but that sufficient shipping was not available.

Mr. Farrell and Mr. Wilshire, explained the workings of the tide water coal pools to the French delegation, in order that they might better understand the impossibility



of shipping coal of stipulated quality, if it were handled through these pools.

Mr. Walsh elicited the information from M. Waddington, that France needs three times as much low volatile as high volatile coal. It was pointed out by Mr. Wilshire, that with the most efficient use of our present railroad and harbor facilities, the United States could export overseas 25 to 30 million tons of coal per year. If, however, greater exportation is desired, additional piers and tide water terminals must necessarily be developed.

The export possibilities of the Southern Appalachian coal fields, which use in large measure the Port of Charleston, was explained by Mr. Knode.

The information relative to the allocation of vessels for coal tonnage to Europe was given by Mr. Lyons, supplemented by Mr. Saint, of the Export Coal Division, of the United States Shipping Board.

Mr. Morrow explained, briefly and clearly, the different kinds of coal available for export. He also warned the delegation against buying from irresponsible parties, and emphasized the need of care in the purchase of coal.

Attending the conference were the following:

*For France.*

M. FRANCOIS PONCET.  
M. A. F. WADDINGTON.  
M. N. GODET.  
COMMANDANT HENRY VARRAIGNE.  
M. JEAN PARMENTIER.

*For United States.*

FRANK S. PEABODY, Chairman; Board of Directors, Peabody Coal Co.  
J. D. A. MORROW, Vice-President, National Coal Association.  
THOS. F. FARRELL, Vice President, Pocahontas Fuel Co.  
HENRY S. LYONS, Secretary, New England Coal & Coke Co.  
F. W. WILSHIRE, Vice President, The Consolidation Coal Co.  
JAMES P. WALSH, Vice President, Pittsburgh Coal Co.  
RALPH H. KNODE, Vice President, Stonega Coke & Coal Co.  
G. B. SEYMS, Rep. S. P. Hutchinson, President, Westmoreland Coal Co.

- H. A. COCHRAN, Rep. A. W. Calloway, President, Davis Coal & Coke Co. and Pittsburgh Terminal Railroad & Coal Co.  
 A. M. FINE, Vice-President, Rep. W. H. Williams, Vice-President Delaware & Hudson Coal Company.  
 GEORGE S. RICE, Chief Mining Engineer, U. S. Bureau of Mines.  
 H. Y. SAINT, Export Coal Division, U. S. Shipping Board.  
 J. H. Johnston, Director, Chamber of Commerce of the U. S.  
 JOHN CALLAHAN, Traffic Manager, National Coal Association.  
 J. O. CALDWELL, Secretary to Traffic Manager, National Coal Association.  
 WILLIAM R. BENET, Rep. Nation's Business.  
 W. ESPEY ALBIG, Assistant Secretary, Rep. Chamber of Commerce of the United States.

### ITALIAN COAL COMMITTEE.

The coal committee met with the Italian delegation on October 20, at 8.15 P. M. In the absence of the chairman, who had been called to Washington, to attend the Wage Conference, with Secretary of Labor Wilson, Mr. Wilshire, presided.

After a warm exchange of greetings between the Italian and American delegations, Chairman Wilshire gave a statement of conditions similar to that given the French mission, at the earlier meeting. In reply, Prof. Attolico gave a brief resumé of the Italian situation, explaining the great need of coal in Italy to be supplied by the United States. He pointed out, however, that the amount of coal must necessarily be conditioned upon the price, since the coal would enter into the cost of the manufacture of articles to be sold on a competitive basis. He emphasized the great burden placed upon Italian consumers by the present ocean freight rates, and expressed the hope that some reduction in these rates might be obtained. He stated also, that since Italy would be a constant buyer in the coal trade, it would be worth while for the producers in the United States to make price concessions to the Italian buyers.

The discussion developed the fact that Italy has been receiving from the United States a considerable quantity of inferior coal. The reason for this was explained, as it was to the French delegation. The discussion of prac-

tical ways and means to increase the Italian coal market always eventually reached the matter of ocean freight rates.

In conclusion, Mr. Wilshire assured the Italian Mission, that the American coal industry would be glad to do its utmost to obtain coal supplies of the quantity and kind needed.

The close study of conditions in America, which has been made by the Italian Mission, led to a close agreement between the American and Italian groups, regarding the facts, and the measure which should be taken for mutual helpfulness.

Attending the conference were the following:

*For Italy.*

COMMANDER PROF. BERNARDO ATTOLICO.  
COMMANDER ENGINEER DR. LUIGI LUIGGI.  
SIG. P. G. LAZZERINI.  
SIG. ENGINEER F. QUATTRONE.

*For The United States.*

J. D. A. MORROW.  
F. W. WILSHIRE.  
A. M. FINE.  
JAMES P. WALSH.  
H. A. COCHRAN.  
JOHN CALLAHAN.  
HENRY S. LYONS.  
J. O. CALDWELL.  
G. B. SEYMS.  
GEORGE S. RICE.  
H. Y. SAINT.  
WILLIAM R. BENET.  
PAUL CLAGSTONE, District Secretary, Chamber of Commerce of the United States.  
JOSEPH CHIESA, Trade Commissioner, Bureau Foreign and Domestic Commerce, United States Government.  
W. ESPEY ALBIG, Assistant Secretary, Chamber of Commerce of the United States.

BELGIAN COAL COMMITTEE.

The Coal Committee met with the Belgian delegation,



on October 21, at 2.15 P. M. Mr. J. D. A. Morrow, as presiding officer, gave greetings to the Belgian Group, and received in exchange cordial felicitations from it. He gave illuminating and concise explanation of the different kinds of American coal available for export, showing the location of the fields, and the ports from which shipments are made.

In reply, Mr. De Groote and Mr. Neve stated that Belgium is now producing nearly 90 per cent. of her pre-war output, and that her chief requirements are for a comparatively small tonnage of coal for special uses, particularly for cooking and metallurgical purposes. He stated that prior to the war this coal had been obtained from Germany; now it must be secured in the United States. Belgium is now exporting quantities of coal to Holland, France and Italy.

Discussion disclosed the fact that anthracite coal from America is wanted neither in Belgium, France or Italy. The members of the Group discussed technical questions regarding the characteristics of American gas coals, and their utilization in by-product ovens, illuminating gas plants and for other purposes. The Belgian delegation explained that owing to the very high ocean freight rates the Belgians would manage to get along with the smallest possible importation of coal. Information was given showing that Antwerp is installing facilities for the rapid handling of coal. The discussion was quite informal, very friendly and illuminating.

A comparison of the statements of the three delegations, shows that the French are especially desirous of securing the greatest possible quantity of coal from the United States within the next few months. The price to be paid, while important, is a secondary consideration.

The Italians should like to have approximately 1 million tons of coal per month from the United States. This, however, is conditioned upon the price, since the cost of the coal enters into the selling price of articles for competitive sale, only the requirements of the Navy and the railways being absolutely necessary.

The Belgians were concerned chiefly with the chemical properties of the small amount of coal which they require from the United States.

Attending the conference were the following:

*For Belgium.*

M. FLORIMOND HANKAR.  
M. ALBERT NEVE.  
M. ALEXANDRE DE GROOTE.

*For America.*

F. W. WILSHIRE.  
J. D. A. MORROW.  
THOS. S. FARRELL.  
H. A. COCHRAN.  
JOHN CALLAHAN.  
HENRY S. LYONS.  
J. O. CALDWELL.  
G. B. SEYMS.  
GEORGE S. RICE.  
WILLIAM R. BENET.  
G. W. REED, Vice President, Peabody Coal Co.  
DAVID J. LEWIS, Member of United States Tariff Commission.  
W. ESPEY ALBIG, Assistant Secretary, Chamber of Commerce of the United States.

## FORMULATION OF REPORT.

Subsequent to the sessions with the European Missions, the American Committee, augmented by Samuel Heilner, of Percy Heilner & Son, New York City, Lindsay McCandlish, Hutchinson Coal Co., Philadelphia, Pa., held several meetings to perfect a complete statement of results attained during the conference and to formulate adequate resolutions.

## REPORT OF COMMITTEE.

The Coal Committee met with the delegations from France, Italy and Belgium, according to schedule.

The French delegation stated that the total requirements of France would be about 88 million tons per year. During the present winter it seems unlikely that Germany will be able to deliver the coal to France stipulated by the Peace Treaty. Allowing, however, for the imports that can be obtained from Germany, Belgium and England more than 22 million tons of coal are now required from the United States. For some years to come several million tons must be imported from America. Members of the French delegation expressed the belief that control of imports and distribution of coal in France, by the French Government would be continued for perhaps six months; thereafter it was expected that the business would return to private hands. The Committee emphasized the high price of American coal delivered in France due to high ocean freights. They also spoke of the difficulty of obtaining sufficient vessel tonnage to transport coal.

The Italian delegation dwelt on the importance of developing a permanent coal trade between the United States and Italy, and said that Italy would necessarily now look to this nation for several million tons of coal annually. They also pointed out the excessive cost to Italy of present imports of American coal with ocean freights so high, and with exchange rates so unfavorable to Italy. Speaking of the scarcity of shipping to transport coal to Italy, the delegates explained that Italy is using some of her own ships, and is chartering other ships to carry her coal imports, and is thus helping to bear the burden of transporting coal across the ocean.

The conference with the Belgian representatives developed the fact that Belgium is now producing nearly 90 per cent. of her pre-war coal production. Her chief needs are for coking and other special coals, but with the present prices of American coal so high when delivered in Belgium, on account of ocean freights, no important purchases of coal by Belgium in this market are to be expected.

Your Committee explained the nature of American coals and the different kinds which are available for export, and for use abroad. It mentioned the probability



of a strike of bituminous coal miners on November first. Your Committee felt it necessary to warn European purchasers against the activities of irresponsible speculators in the export coal trade, many of whom have never had any connection with the coal business, and have no expectation of continuing in it, and are offering to sell coals which they can not obtain and deliver. It explained, that the Tidewater coal pools, conducted by the United States Railroad Administration, prevent the delivery of coal of stipulated character on export contracts when the coal is handled through these pools. This statement developed the fact that European buyers are opposed to accepting pool coal, and do so only because they may not be able to obtain what they require outside the pools.

Credits and financial arrangements were mentioned, but were left to the Committees on Credit and Finance, with the assurance that American coal exporters would do their full part in carrying out any recommendations of the Committee on Credit and Finance.

The conference developed the unanimous opinion, that there is no European demand for anthracite, but that the need is for bituminous coal. It was made clear that, barring a strike, America can produce ample bituminous coal of the quantities and kinds sufficient to supply the needs of our Allies in Europe, but that scarcity of ocean shipping and high ocean freight rates are preventing the shipment of the coal required. The further fact was brought out that if our overseas coal trade is to be much expanded, better facilities must be provided for export shipments at American coal ports, and for discharge at European ports.

The conferences also developed unanimity of sentiment that the task of supplying our Allies with sufficient coal can best be handled through the normal activities of the business men of the nations involved, free from restrictions or interference by their Governments.

In conclusion, your Committee desires to express its appreciation of the great and progressive work done by the United States Chamber of Commerce, and pledges itself, and the coal industry to use every possible effort to bring to a successful outcome the deliberations of the Conference. We also wish to express to the members of the visiting delegations, our thanks for the clear and lucid manner in which they brought the necessities of their respective nations before us and the helpful suggestions they made.

FRANK S. PEABODY, *Chairman.*

## COMMITTEES ON FOODSTUFFS.

## BELGIUM.

M. DE GROOTE.  
M. HANKAR.  
M. JANSSEN.

## FRANCE.

M. JULIEN POTIN.  
M. BARON DU MARAIS.  
M. ANDRE HOMBERG.  
M. LOIZEAU.  
M. MAURICE BOYER.  
M. DE PELLERIN DE LA TOUCHE.  
M. PARMENTIER.

## GREAT BRITAIN.

HON. J. G. JENKINS.  
BAILIE JOHN KING.  
MR. FRANK MOORE.

## ITALY.

PROF. B. ATTOLICO.  
V. MENEGHELLI.  
A. JACCARINO.  
G. PIETRA.  
DR. RUGGIERI.  
G. GRANATA.

## AMERICA.

THEODORE F. WHITMARSH, Chairman; Vice-President, Francis H. Leggett & Co., New York City.  
DR. VERNON KELLOGG, Vice-Chairman and Secretary, The National Research Council, Washington, D. C.  
ADOLPH BOLDT, Assistant Secretary, Chamber of Commerce of the United States, Chicago, Ill.  
AMENDT, GEORGE A., The Amendt Milling Co., Monroe, Mich.  
BARNES, JULIUS H., President, Food Administration Grain Corporation.

- BENTLEY, C. H., Vice-President, California Packing Corporation, San Francisco, Cal.
- BISHOP, L. R., Secretary, Rice Association of California, San Francisco, Cal.
- BREISCH, CHRISTIAN, President, Michigan Bean Association, Lansing, Mich.
- BURROWS, W. F., Libby, McNeill & Libby, Chicago, Ill.
- DAILY, H. A. N., President, National Canned Foods and Dried Fruit Brokers' Association, Philadelphia, Pa.
- DEMING, E. B., Pacific-American Fisheries, South Bellingham, Wash.
- DOTY, E. E., President, New York State Bean Shippers' Association, Rochester, N. Y.
- FLASH, EDWARD FRANK, JR., President, New York Produce Exchange, New York City.
- HAWKINSON, J. A., President, Allied Packers, Inc., Chicago, Ill.
- JACKSON, GEORGE S., Vice-President, Food Administration Grain Corporation, Baltimore, Md.
- MAHR, JULIUS D., New York Mercantile Exchange, New York City.
- MOORE, O. J., Sioux City, Iowa.
- MORGAN, S. T., President, Southern Cotton Oil Co., New York City.
- NISWANDER, J. F., Vice-President, California Peach Growers' Association, Fresno, Cal.
- NORDIN, W. T., American Milk Products Corp., New York City.
- SEARS, L. A., W. R. Roach & Co., Grand Rapids, Mich.
- SKIPWORTH, V. D., Vice-President, Wilson & Co., New York City.
- SWEET, W. F., President, Rumford Chemical Works, American Specialty Manufacturers' Association, Providence, R. I.
- STUART, HENRY, Richmond, Va.
- SWIFT, G. F., JR., Swift & Co., Chicago, Ill.
- THOMAS, HOLGATE, California Associated Raisin Co., Fresno, Cal.
- WHITE, F. EDSON, Armour & Co., Chicago, Ill.

#### BELGIUM.

The Committee on Foodstuffs met October 20, at 2:15 P. M., with the Belgian Committee, consisting of M. De Groote and M. Hankar. The American Committee in attendance were as follows:

THEODORE F. WHITMARSH, Chairman.  
 DR. VERNON KELLOGG, Vice-Chairman.  
 ADOLPH BOLDT, Assistant Secretary.  
 C. H. BENTLEY.  
 L. R. BISHOP.  
 CHRISTIAN BREISCH.  
 W. F. BURROWS.



H. A. N. DAILY.  
E. B. DEMING.  
E. E. DOTY.  
J. A. HAWKINSON.  
GEORGE S. JACKSON.  
JULIUS D. MAHR.  
O. J. MOORE.  
S. T. MORGAN.  
J. F. NISWANDER.  
W. T. NORDIN.  
L. A. SEARS.  
V. D. SKIPWORTH.  
GOV. HENRY STUART.  
HOLGATE THOMAS.  
F. EDSON WHITE.  
DR. ALONZO TAYLOR.  
MR. F. B. WISE.

Chairman Whitmarsh, announced that the discussions would be informal, and questions would be asked so as to develop the freest exchange of conditions and ideas. The Belgian Committee reported in substance as follows:

That the United States price on wheat and freight rates are high, and that the exchange rate also militated against their buying in this country. The present exchange rate with the United States is 8.65, as compared with the normal rate of 5.20. Freight rates on wheat from the United States to Great Britain is one-half that to Belgium. However, as explained, this is due to the fact that the rate to England on wheat is fixed by the government.

Mr. George S. Jackson, Vice-President of the Food Administration Grain Corporation, explained that England gained the advantage by compelling her own ships to carry grain at a low rate, and that the United States Shipping Board could not change the situation so long as England maintained her present policy. In order to absorb part of the unfavorable exchange and obviate too high prices the Belgian Government is selling the wheat to consumers at less than cost.

Belgium produces three-fourths of her requirements in bread products. Before the war they imported one-half of their breadstuffs products from the Black Sea countries. The exchange rate with other countries is more favorable than with the United States. The Belgian delegates reported that they will soon be able to obtain

wheat from Russia and Roumania. They also reported having investments and money in Argentine, where they can also buy wheat.

There is no demand for canned vegetables, milk and fruit in Belgium, but there is some demand for canned meats. They are now importing some cattle from Canada, United States and Holland. The fishing industry of Belgium, is not yet normal, but it is hoped that conditions will improve in the near future.

Of the edible oils they import, one-fourth comes from the United States, the balance from East India, China and Japan. They also import peanuts and copra, which they crush themselves. The exchange rate is a little more favorable in the East than with the United States. Consumption of butter substitutes is increasing. There is very little demand for rice and dried fruit, as they are a fruit producing country. They purchase goods from the East by exchanging products, shipping some steel to India. They are large packers and exporters of canned peas and asparagus.

There is no demand for corn for human consumption, and very little demand for beans, as they now desire a change from their war diet. The Belgian delegates reported that if their exports to the United States could be increased, the export rates would become more favorable.

On the subject of long credits, M. De Groote emphasized the fact, that credits were not sought, because Belgium has no money, but almost entirely because of the present unfavorable rate of exchange. Until this is corrected, he said, there can be no great extension of his country's trade with us.

Dr. Alonzo Taylor, who attended the meeting, and made an informal statement at the request of Chairman Whitmarsh, warned the Americans that more rather than less government control of trade was to be expected in European countries. In order to restrict imports to those products, which were most needed in reconstruction, the European governments would make every effort to exclude other goods, even keeping food imports down to the lowest level consistent with the necessary feeding of their peoples.

#### FRANCE.

At a meeting of the Committee on Foodstuffs, October

20, at 8.15 P. M., the following delegates of France were present:

M. TIRMAN.  
M. WADDINGTON.  
M. BOUYSSON.  
M. POTIN.  
M. DOLLEANS.  
M. PARMENTIER.  
M. BOYER.

In the informal conference, the following facts and statements were submitted:

Argentine grain can be bought for less than it can be bought from the United States.

France has investments in Argentine, which is a factor in maintaining the balance of exchange.

France now raises quite a few hogs and within a year expects to raise enough for their own requirements.

Edible oils are obtained from her colonies, especially in Africa, to meet their requirements. They import considerable cotton seed and crush same themselves.

In the final analysis, the question of buying products from this country is one of credit and exchange. The shortage of labor is still felt in France. As a result of the war, they lost 1,700,000 men.

Delegates believe the question of paying for food and other products must be solved by the Financial Committee.

Mr. Bell, of the Washburn-Crosby Flour Mills, Minneapolis, Minn., suggested that the question of exchange will adjust itself if we can aid France in increasing her production and selling us more goods.

It was suggested by the Americans, that France could materially increase her exports to the United States, by increasing production of her high grade canned goods, and thereby reduce the cost, which is necessary in order to increase their volume of business in this country.

The fact was developed, that France's exports of wine and spirituous liquors for the year ending June 30, 1914, amounted to only \$7,000,000. The suggestion was offered that as France has recently acquired considerable potash fields, that their exports of such products could be materially increased to this country, which would more than offset the loss on wine exports.

It was reported that France has perhaps less labor unrest than any other European country.



France has a big wheat production, and can practically grow enough to meet all their requirements. They, however, will need and can use considerable dried fruits.

They export to the United States considerably in sardines, mineral waters, preserves, linens, dresses and in art products. It was developed that as 7,000,000 men of France enlisted in the army, very few were demobilized in time to be of any material aid in crop production this year, hence France is in great need of all foodstuffs this year.

During the Conference, M. Jules Potin submitted a formal report, as follows:

### REPORT ON AGRICULTURE AND FOODSTUFFS IN FRANCE.

BY M. JULIEN POTIN

I am now touching a topic that will not fail to interest you all, gentlemen, as it is the basis of our material life: I mean foodstuffs.

France, before the war, enjoyed from the foodstuff point of view, a most desirable situation due to her fertile soil, to her mild climate, to the qualities of her peasants. She found within her own boundaries the greatest part of the necessary foodstuffs.

A few figures will illustrate what I have just said: In 1912, we imported only 6% of our wheat, less than 3% of our oats from our Colonies, hardly any sugar was needed and, as to meat, only a few specialties.

Said situation has been destroyed by the war. Our mobilization has withdrawn from the fields all our young and middle-aged manhood, and the richest part of our territory, which gave the greater part of our sugar and an important part of our cereals had been invaded at the beginning of the war and devastated.

The area of tilled land passed from 1913 to 1917—

For wheat: from 16,355 acres to 10,477 acres.

For oats: from 9,875 acres to 7,375 acres.

For sugar beets: from 622,500 acres to 190,000 acres.

At the same time our sugar factories in the North of France, had been taken away from us at the beginning of the war, the number of our sugar factories being consequently reduced to 64 out of a total of 206. And still the output was not decreasing.

Owing to the help of our women, of our children, of our

men over 52 years, who were not called to the trenches, the tilled land remained as fertile as before the war, and two and a half acres (1 hectare) gave not less than 14½ quintals, in 1918, against 13.3, in 1913.

As to oats, conditions without being unfavorable are not as good as they used to be as the output fell from 13 quintals in 1913, to 10 in 1918.

On the other hand, 2½ acres of land, cultivated in beet-root, gave in 1918, 26 tons against 24 in 1913.

Our reserves of meat represented by our cattle were decreasing at the same time, due to the tremendous consumption of the armies, to our losses, and lack of labor.

Consequently, our imports increased, for fresh or frozen meat, from none to 34,000 tons.

For salted meat from 550 to 48,000 tons.

What is going to be the situation in the years to come? Very important purchases will certainly be necessary. It is true that the North of France has been returned to us, but we have to render fertile again the devastated area. Farms must be rebuilt. Labor, machinery and fertilizers are to be brought forward, and this work of reconstruction, is not to be confined to the devastated area, but must be extended to the whole of France. Fertilizers must be distributed everywhere. It is urgent to replace by agricultural machinery the lacking labor lost by hundreds of thousands for the defense of the country, and the liberty of the world.

The purchasing campaign of 1919-1920, was opened in October, 1919, for the year 1919-1920. Our provisions were the following:

|                            |            |
|----------------------------|------------|
| Wheat, tons .....          | 4,000,000  |
| Oats, tons .....           | 1,000,000  |
| Frozen meat, pounds.....   | 15,780,000 |
| Porkstuffs, tons .....     | 150,000    |
| Preserves, tons .....      | 20,000     |
| Sugar, tons .....          | 500,000    |
| Condensed milk, tons ..... | 30,000     |

Our food department has made a point to buy from the different producers on the most advantageous terms in the United States, in Argentine, Australia, Roumania, Serbia, Southern Russia and Northern Africa.

Today our needs are covered until the end of 1919. But we have still to buy from the first of January, 1920, to the first of October, 1920, the following quantities:

|                            |           |
|----------------------------|-----------|
| Wheat, tons .....          | 1,000,000 |
| Oats, tons .....           | 200,000   |
| Sugar, tons .....          | 100,000   |
| Condensed milk, cases..... | 600,000   |
| Salted meat, tons.....     | 25,000    |
| Lard, tons .....           | 25,000    |
| Ham, tons .....            | 25,000    |
| Sausages, tons .....       | 25,000    |

These different items amounting approximately to \$145,540,000, will have to be found in the different producing countries.

In closing, I want to express a few words of hope as regards our country.

I have told you how fertile our soil was. I feel confident that before long, owing to the work of reconstruction, which we have undertaken, owing to the development in the use of agricultural machinery, and in spite of our heavy losses, our country will see an era of productivity which will make her stronger than ever.

#### ITALY.

Meeting held October 21, with the Italian delegates who were represented as follows:

PROF. B. ATTOLICO.  
V. MENEGHELLI.  
G. PIETRA.  
DR. RUGGIERI.  
G. VITELLI.  
L. SCARAMELLI.  
DR. A. BONASHI.

During the informal discussion, Professor Attolico, acting as spokesman, reported on the following conditions existing in Italy: The greatest requirement is wheat. Their wheat crop was less than last year's by 500,000 tons. Last year, they imported 3,000,000 tons of cereals. Before the war they had near wheat markets in Russia and Roumania, also had good trade connections with Argentine. They should import two-thirds of their cereal requirements from the United States, the balance from Argentine. All European crops are short this year. They will need considerable meat products, canned and frozen.

Last year they had meat only once a week. During the past year they have materially replaced their herds of cattle, and now have almost as many as before the



war, but not in weight, the cattle being young, and it will require three years before the normal weight in cattle will be completed.

They need only 40,000 tons of sugar; have plenty of fruit, especially in South Italy. They need edible oils. The pressing necessity for bread products is emphasized by their statement, that they cannot import their needs in cotton, minerals, coal, etc., until they first import their wheat requirements. It is imperative, that they have credit in buying wheat. They can buy all other requirements on personal credit. They need mostly winter wheat for the manufacture of macaroni and paste. They claim to be the only country that adopted the war bread from the beginning of the war, and have continued to do so up to the present time. Conditions are not favorable in trading with Argentine. American representatives reported that they can furnish ample canned and frozen meats.

Italy will require considerable condensed milk, and prefer the sweetened product, but may not be able to obtain same on account of the present shortage of sugar. They do not use butter substitutes, and do not obtain edible oils outside of the United States. This year's olive crop is short. They could barter in selling olive oil for cotton seed oil from the United States. They need long-time credits—from one to five years.

They formerly exported butter, cheese and beans, but now must import same. American delegates suggested the group credit plan on the part of the Italian merchants. Italy could increase their exports of mineral water, tomato catsup, dried fruits, silks, raisins, grapes and grape juice, marble, linens and nuts. The war interfered with their plans of increasing sales in this country, but a movement is already started to conduct a comprehensive advertising campaign to increase the sale of their products in this country. Mr. Christian Breish, of Lansing, Mich., stated that Italy could obtain all the beans they required in this country, and that the proper credit would be granted. Their rice crop is equal to their home consumption, where they formerly exported this product.

O. J. Moore, Vice-President of the National Wholesale Grocers' Association, offered the coöperation of his organization in introducing in this country the Italian food products.

# ESTIMATE OF PURCHASES BY ITALY FROM UNITED STATES OF AMERICA FOR THE SERIAL YEAR

1919 (Sept. 1) 1920 (August 31).

| Foodstuffs.                       | Tons.<br>(000 omitted) | Dollars.<br>(000 omitted) |
|-----------------------------------|------------------------|---------------------------|
| Cereals for human alimentation... | 2,000                  | 180,000                   |
| Oats and substitutes.....         | 160                    | 10,000                    |
| Dry pulses .....                  | 12                     | 1,920                     |
| Frozen meat .....                 | 60                     | 33,600                    |
| Canned meat .....                 | 6                      | 6,300                     |
| Salmon .....                      | 6                      | 2,400                     |
| Dry fish .....                    | 12                     | 4,200                     |
| Condensed milk .....              | 6                      | 2,400                     |
| Animal fats and swine meats.....  | 48                     | 36,000                    |
| Butter and cheese.....            | 66                     | 6,600                     |
| Comestible oils .....             | 9                      | 4,950                     |
| Sugar .....                       | 40                     | 7,900                     |
| Fecules .....                     | 1                      | 250                       |
| Miscellaneous .....               | 5                      | 5,000                     |
| Total .....                       | 2,371                  | 300,620                   |

## *Specifications of Different Foodstuffs.*

Commercial Bellies:

12-25 average.

Long Cut Hams:

8-25 average.

Fat Backs:

6- 8 average.

8-10 average

10-12 average.

Condensed Milk:

(Packed in 48 one-pound tins to a case).

(Packed also in 48 14-ounce tins to a case).

Sweetened condensed milk, sweetened evaporated milk, sweetened concentrated milk is the product resulting from the evaporation of a considerable portion of the water from the whole, fresh, clean lacteal secretion obtained by the complete milking of one or more healthy cows, properly fed and kept, excluding that obtained within fifteen days before and ten days after calving, to which sugar (sucrose) has been added. It contains, all tolerances being allowed for, not less than (28%) twenty-

eight per cent. of total milk solids, and not less than eight per cent. (8%) of milk fat.

Butter:

(Packed in 5 and 6 lb. tins) 88/90 score quality.

Cheese:

(Strongly seasoned.)

Cottonseed Oil:

Combustible, of best quality, non-congealable, suitable for mixture with olive oil; deodorized.

1. Prime Winter Yellow (deodorized).

2. Prime Summer Yellow (deodorized).

Packed in barrels containing not less than 360 pounds and not more than 400 pounds net each.

Peanut Oil:

Choice, deodorized, packed in tierces.

Frozen Beef:

Commercial trim with hanging tender and breast-fats removed; skirts fairly well trimmed with kidneys and kidney suet left in.

1—Steers 3—Heifers

2—Cows 4—Oxen

Averages:

450–500 lbs.

500–600 lbs. and up

Canned Meats:

Canned Corned Beef 12/6 lb. tins to a case

Lunch Tongue 12/6 lb. tins and other sizes

Ox Tongue 12/6 lb. tins and other sizes

Boiled Beef 12/6 lb. tins and other sizes

Veal Loaf 48/7 oz. tins and other sizes

Beef Loaf 12/6 lb. tins and other sizes

Salmon:

Pink—1 pound tins, 48 tins to a case

Chum—1 pound tins, 48 tins to a case

Dry Fishes:

Codfish—Packed in 448-pound drums (dry) also 560 pound drums (soft cured).

Haddock

Pollock

Hake

Dry Salt Meats:

Packed in boxes containing 5/600 lbs. net each in 70-lbs. salt.

Dry Salt Fat Backs:

8–10 pound average

10–12 pound average

12–14 pound average



14-16 pound average  
 16-18 pound average  
 Dry Salt Bellies:  
 20-25 pound average  
 25-30 pound average  
 30-35 pound average  
 American Cut Hams, Dry Salt Cure, Unsmoked:  
 8-10 pound average  
 10-12 pound average  
 12-14 pound average  
 14-16 pound average  
 16-18 pound average  
 18-20 pound average  
 20-24 pound average  
 Square Cut Bellies:  
 12-25 pound average  
 12-30 pound average

#### AMERICAN.

The American Committee met October 21, and Chairman Whitmarsh appointed a Resolution Committee as follows:

DR. VERNON KELLOGG.  
 E. B. DEMING.  
 C. H. BENTLEY.  
 HON. HENRY STUART.

A motion made by C. H. Bentley was adopted, to the effect that the Resolution Committee draw up a report and resolutions to be submitted to the General Resolution Committee, regarding the needs of France and Italy, and the necessity of extending credit to them in the purchases of their grain requirements.

#### THE FOOD COMMITTEE MEETING, OCTOBER 22, 1919. GREAT BRITAIN.

At a meeting this morning with the British delegates, the following gentlemen represented that committee:

HON. J. G. JENKINS.  
 BAILIE JOHN KING.

During the informal discussion, the English representatives submitted the following facts:

The English people are under a rationing system the same as during the war, and mentioned, incidentally, that they received as much butter at one meal in this country as their total week's allowance. They have an ample stock of grain in Australia and New Zealand, but lack of transportation facilities has prevented the shipment of same. This situation, however, will improve next year. They reported that considerable food has deteriorated in the change of shipping or improper storage facilities at certain ports. They have conducted a vigorous campaign against speculation and hoarding of food, and are dealing with this situation in a satisfactory manner. Before the war they received their sugar requirements from Germany and Austria, which, of course, is not available now, hence must obtain their supply elsewhere. Australia now has some sugar to export.

Before the war, England imported four-fifths of its food products; now as a result of intensified farming and their rationing system, are growing three-fourths of their food requirements. They have very little milk, and cream cannot be purchased. They are allowed one ounce of butter per capita per week. They are operating under the rationing system, and every consumer must register and give a list of the dealers they purchased their supplies from. One of the principal reasons for continuing the rationing system is the fear of strikes and lack of transportation facilities. Their grain crop is less than last year. However, their colonies have larger wheat crops this year. They will not be able to buy from European countries on account of general economic conditions, hence they are compelled to buy of their colonies and the United States. They are large users of condensed milk, and will need more on account of the great increase in the cost of fresh milk. The demand for meat will continue, requiring about the same as before the war. Canned goods are increasing in demand. The home demand for fish is being supplied; later on they can export. They will continue to need the edible oils as in the past. They use some rice which they can obtain from Eastern colonies.

Following the conference with the British delegation, the Food Committee then discussed the details of the re-

ports and resolutions to be submitted. A motion made by Mr. Bentley, that the following resolutions be adopted, was carried. The committee also thanked the Chairman, Vice Chairman and Secretary for the interest that they manifested in the meetings.

### REPORT OF COMMITTEE.

Your special Committee on Foodstuffs, with twenty-four attending members out of twenty-seven appointed, representing in their interests a wide variety of American nature foods, and prepared products, and coming from all over the country from the Pacific to the Atlantic Coast, has held meetings with the appointed representatives of each of the foreign missions.

At these meetings, the food situation, as to the present and for the coming year, of Belgium, France, Italy and Great Britain, and the disastrous results on each of these countries on the food conditions, especially in the way of lessened production and restricted importations, produced by the war, and the efforts being made in each country to meet and remedy those conditions by controlled food use and stimulation of production, together with detailed statistical statements of the food importations needed by each of these countries during the period until the harvests of 1920, especially the needed importations from the United States, have all been presented and fully discussed.

From the lists made by the foreign representatives of their needs of food importation from America, and the statements made in the discussions of these lists by the American committee members, representing the production and handling of all these various foodstuffs desired by the European countries, it is apparent that there exists, or will be produced during the period voted, a sufficient American surplus to provide practically all the foodstuffs listed, in the quantities asked for.

But, it is also apparent that the governments and buyers of the foreign countries are forced with certain serious difficulties in the financing of their purchases from the United States, the chief of which is the matter of the exchange rates, which, at present, are greatly to the disadvantage of the foreign purchasers.

The principal remedies suggested for meeting this major difficulty were two: One, especially made by the foreign representatives, is the extension of long-term credits by American sellers to the European purchasers.



The other, especially made by the American committee members, is the high desirability of increased exportation from the foreign countries to America of any and all of their own special products suitable for the American trade. A most sympathetic attitude toward both of these matters was exhibited by the committee members, and various practical suggestions were made by gentlemen of the committee looking toward the realization of these remedies.

In connection with the matter of increasing the American use of the special food products, which could be provided by the European countries, it was especially suggested that the foreign sellers would attempt a wider and more general distribution of their products in America, and in particular should arrange to avail themselves of the already existing American trade organizations and domestic system for exploitation and distribution. It was stated by various gentlemen of the committee, representing certain large American food trades, that there undoubtedly exists great possibilities in the way of extending in this country, particularly at present, the use of many high grade special food products of the European countries represented at the Conference.

In connection with the matter of the need for special temporary credit arrangements for the European purchasers, the Committee, being particularly impressed by the peculiar needs of the countries associated with us in the war, for the importation from the United States of large quantities of cereals, both for human consumption and for the rehabilitation of their national herds, suggests to the Executive Committee that sympathetic consideration be given to the idea of making recommendations to the President in this matter. It may be appropriate to suggest that as a matter both of wise public policy and of an extension of our humanitarian efforts which cannot entirely cease with the ending of the war if our voluntarily accepted obligations to our associates are to be fully met—the President should exercise his authority under the Food Control Act to the end of making special arrangements to provide these needed cereals in such quantities and on such terms of credit as may seem to him wise and safe.

It is fully realized by your Committee on Foodstuffs that the matter of finance and credit is the particular province of a special committee on those matters. But the conferences of the Foodstuffs Committee with the foreign missions have developed so clearly the fact that

the only serious difficulty both in the full meeting of the absolute food needs of our associates in war and in the development of a desirable foreign market for the American food supplies created by the stimulated production due to the war situation, and of any surplus that may be continued to be created, is that of a satisfactory arrangement for a temporary unusually sympathetic treatment of the foreign buyers as regards finance and credit that your Committee is constrained to make as a special recommendation to you the high desirability of a strong effort to effect such an arrangement.

Your committee has been strongly impressed by the great mutual advantage that can accrue to America and to the European countries by a continuation of such conferences as the present and strongly recommends that some form of permanent international organization be effected which will insure this continuation.

In concluding this brief report, your Committee wishes to express through you to the foreign missions, its appreciation of their full and frank statements regarding the food situation in their respective countries, and the pleasure of the members of the committee in having had the opportunity of an enlightening personal contact with the distinguished representatives of those countries will be held in especial sympathetic memory by us, as having been associated with our own country in the successful prosecution of a righteous war for liberty and humanity.

(Signed) VERNON KELLOGG, *Chairman*,  
C. H. BENTLEY,  
E. B. DEMING.  
HENRY STUART.

## COMMITTEES ON METALS.

### BELGIUM.

M. CANON-LEGRAND.  
M. NEVE.  
M. HANKAR.  
M. DE GROOTE.

### FRANCE.

M. DE FREMINVILLE.  
M. PESSON-DIDION.

M. BARON DU MARAIS.  
M. ANDRE HOMBERG.  
M. LOIZEAU.  
M. MAURICE BOYER.  
M. TIRMAN.  
M. DOLLEANS.

## GREAT BRITAIN.

BAILIE JOHN KING.  
SIR ARTHUR SHIRLEY BENN.  
SIR JAMES HOPE SIMPSON.  
MR. MARSHALL STEVENS.  
HON. J. G. JENKINS.  
MR. FRANK MOORE.

## ITALY.

L. LUIGGI.  
F. QUATTRONE.  
G. B. CECCATO.  
M. LUIGGI, JR.  
A. PALANCA.  
V. E. SILVESTRI.  
E. FLORES.  
P. TUCCIMEI.  
M. MIOZZI.

## AMERICA.

E. A. S. CLARKE, Chairman;  
President, Consolidated Steel Corporation, New York City.  
O. K. DAVIS, Vice-Chairman and Secretary;  
Secretary, National Foreign Trade Council, New York City.  
GEORGE H. MOSELEY, Assistant Secretary,  
Chamber of Commerce of the United States, Otis Building,  
Chicago, Ill.

BOSTWICK, W. A., President, International Nickel Co., New York City.  
BUTTERWORTH, WILLIAM, President, Deere & Co., Moline, Ill.  
CARLTON, A. E., Mining Engineer, Colorado Springs, Colo.  
CORNISH, E. J., President, National Lead Co., New York City.  
CRANWELL, THOMAS G., President, Continental Can Co., Inc., Syracuse, N. Y.  
DOUGLAS, WALTER, President, Phelps-Dodge Corporation, New York City.  
ELTON, JOHN P., Vice-President, American Brass Co., Waterbury, Conn.



JONES, B. F., JR., President, Jones & Laughlin Steel Co., Pittsburgh, Pa.

LEITH, C. K., Madison, Wis.

O'LEARY, JOHN W., Vice-President, Chicago Trust Co., Chicago, Ill.

PALMER, EDGAR, President, New Jersey Zinc Co., New York City.

PEEK, GEORGE N., President, Moline Plow Co., Moline, Ill.

THOMAS, EUGENE P., U. S. Steel Products Corporation, Moline, Ill.

YEATMAN, POPE, Mining Engineer, New York City.

### ITALY.

The Committee on Metals met with the Italian Delegation in Room 526, Hotel Traymore, at 2.15 P. M., Tuesday, October 21, 1919 .

Upon roll-call the following persons were present:

#### *For Italy.*

L. LUIGGI.

M. LUIGGI, JR.

P. TUCCIMEI.

M. PALANCA.

#### *For the Committee.*

E. A. S. CLARKE, Chairman.

O. K. DAVIS, Secretary.

G. H. MOSELEY, Assistant Secretary.

GEO. N. PEEK.

EDGAR PALMER.

E. J. CORNISH.

POPE YEATMAN.

WALTER DOUGLAS.

EUGENE P. THOMAS.

A. E. CARLTON.

#### *Conferees and Advisors.*

GEO. E. RICE.

H. C. MORRIS.

L. C. GRATON.

GUY C. RIDDELL.

JOHN HUGHES.

PEMBERTON SMITH.

FRED C. COTTRELL.

E. S. BASTIN.

C. E. SIEBENTHAL.  
 WALTER TOWER.  
 MR. HUNTINGTON.  
 L. C. WELLS.

L. Luiggi, spoke for the Italian delegation, stating that the annual requirements for the metal industries in Italy during the next five years could be summarized as follows:

|                            | <i>Tons.</i> |                             |
|----------------------------|--------------|-----------------------------|
| Pig iron .....             | 200,000      |                             |
| Plates and shapes.....     | 60,000       |                             |
| Ingots, semi-finished..... |              |                             |
| Steel and rail.....        | 215,000      |                             |
| Scrap iron .....           | 100,000      | —Eventually in case all     |
| Tin flats .....            | 5,000        | the pig iron and semi-      |
| Copper .....               | 15,000       | finished steel could not be |
| Various metals .....       | 10,000       | got.                        |
| <hr/>                      |              |                             |
| Total .....                | 605,000      |                             |

These are minimum figures and requirements for our own needs. This will enable us to give employment to available labor, which is necessary to keep labor satisfied, rebuild and extend the railways of the country which need repair, reconstruct bridges, and complete their shipbuilding program to increase and replace the enormous tonnage destroyed during the war.

Prior to the war Italy consumed about 2,000,000 tons of iron and steel, about 500,000 tons came from England, Germany and Austria. The rest was made in Italy. Now they would like the 500,000 tons to come from American markets to meet their needs.

Italy has established shipyards, has abundant labor, and can produce ships under favorable conditions. Also, with a supply of raw materials could to advantage construct machinery and parts for American manufacturers.

The metals required will be used mostly in shipbuilding, in agricultural implements, machinery for cotton and silk mills, rails for new lines, and repairs, tin plates for developing canned goods industry, copper for electrical equipment and future development of electric railways.

Italy has great quantities of lead, quicksilver, and borax for export. Other products for export are marble, sulphur, citrus fruits, laces, paintings, statuary, carpets, china, olive oil and cheese.

The building industry will also require some quantity of steel.

The development of the water power of the country is contemplated for the future when it is desired to electrify the transportation systems throughout the country and effect a conservation of coal.

Electric furnaces have been installed and operated which produce a superior grade of steel, equal to that produced in other countries.

The social conditions may be said to be stable, and no danger of socialism or bolshevism as long as the inhabitants are able to secure food.

The government may be said to foster the electrification of railways, drainage of lands by means of pumps, irrigation, etc., and American capital would be quite welcome.

It was hoped that amicable relations could be established whereby Italy could secure the metals necessary, not only for the present immediate necessities, but establish a trade that would extend to the future and that would likewise find a market in America for many of the products of their country which they are able to supply in abundance.

#### FRANCE.

The Committee on Metals met with the French Delegation in Room No. 526, Hotel Traymore, at 2.15 P. M., Monday, October 20, 1919.

Upon roll call the following persons were present:

#### *For France.*

M. DE FREMINVILLE.  
M. PESSON-DIDION.  
M. BARON DU MARAIS.  
M. LOIZEAU.



M. MAURICE BOYER.

M. TIRMAN.

M. DOLLEANS.

*For the Committee.*

E. A. S. CLARKE, Chairman.

O. K. DAVIS, Secretary.

G. H. MOSELEY, Assistant Secretary.

WILLIAM BUTTERWORTH.

A. E. CARLTON.

E. J. CORNISH.

WALTER DOUGLAS.

EDGAR PALMER.

GEORGE E. PEEK.

*Representatives from the United States Government,  
Advisors and Councillors.*

GEO. F. RICE, Chief Mining Engineer.

H. C. MORRIS, Mining Engineer.

FRED G. COTTRELL, Assistant Director, Bureau of Mines.

E. S. BASTIN, U. S. Geological Survey.

C. E. SIEBENTHAL, U. S. Geological Survey.

L. C. GRATON, Mining Tax Division Internal Revenue.

GUY C. RIDDELL.

JOHN HUGHES, U. S. Steel Corporation.

WALTER TOWER, Consolidated Steel Corporation.

PEMBERTON SMITH.

MR. HUNTINGTON, Department of State.

L. C. WELLS, Department of State.

The French Mission stated that prior to the war their consumption was about 120,000 tons of copper—imports 94,000 tons, and exports 30,000 tons. Their annual requirements for the present are now estimated at 90,000 tons of copper, to be furnished in the form of bars, ingots and electrolytic copper, this quantity to be used entirely for home consumption, and not in any way for export. On account of the enormous demand for war material the foundries of France were encouraged by the Government to increase the number of plants and production. Today their requirements are for the material to keep up the capacity of these plants.

The estimates for copper will undoubtedly vary owing to salvage from war material and the use of other materials in connection with copper. Proposed construction of electric railways, and power lines, are under discussion, and should this develop, it will increase the demand for these materials to some extent. No definite statement of the extra requirements can be made at this time.

The requirements for ship plates for hull construction is estimated to be about 100,000 tons up to the end of 1920. These ship plates are to be used in the shipyards of France for the building of a merchant marine which has suffered severely by the war. Before the war France built 200,000 new tonnage every year.

The delegation wished information regarding modern methods of shipbuilding, particularly electric welding and riveting. Opportunity for visiting various plants was offered to secure the information desired.

It was thought that the adoption of the American or Lloyd's standard for testing and measuring steel would be of great advantage in dealing with France on these materials; that the method of testing materials should be standardized, and in reference to this matter it was suggested that the report of the United States Bureau of Standards be consulted.

It was quite evident that France devoted her entire energies to winning the war, and that is quite well illustrated in the statement of the increased number of blast furnaces, and the fact that their tonnage in pig iron was increased during the war to 600,000 tons and in steel to 1,500,000 tons annually.

Material available for export from France would be manufactured cotton goods, vegetable oils, silk products and chemicals.

As to the industrial situation in France there is no idle labor. A large portion of those engaged in war and war work have returned to their farms. Labor conditions may be said to be favorable. Strikes, generally speaking, to no extent have materially effected production.

The peasants, who form more than fifty per cent of the population, are small landowners and have largely returned to their occupation of tilling the soil.

The factory workers are better classed as artisans in their trades than what we would term common labor in this country.

The close coöperation between the French and American governments would be quite welcome, with coöperation in the interest of business between these nations.

It is approximately estimated that France furnished the Allies, in the form of war materials, with products amounting in value to about \$8,000,000 up to the time of the signing of the armistice. A large part of this material furnished was from the commercial resources of France.

#### GREAT BRITAIN.

The Committee on Metals met with representatives of Great Britain in Room 526, Hotel Traymore, at 10 A. M., October 21, 1919.

Upon roll-call the following persons were present:

#### *Representing Great Britain.*

BAILIE JOHN KING.  
MR. MARSHALL STEVENS.  
HON. J. G. JENKINS.

#### *For the Committee.*

E. A. S. CLARKE, Chairman.  
O. K. DAVIS, Secretary.  
G. H. MOSELEY, Assistant Secretary.  
WILLIAM BUTTERWORTH.  
GEO. N. PEEK.  
EDGAR PALMER.  
E. J. CORNISH.  
POPE YEATMAN.  
WALTER DOUGLAS.  
EUGENE P. THOMAS.  
A. E. CARLTON.



*Conferees and Advisors.*

GEO. E. RICE.  
H. C. MORRIS.  
FRED C. COTTRELL.  
E. S. BASTIN.  
C. E. SIEBENTHAL.  
L. C. GRATON.  
GUY C. RIDDELL.  
JOHN HUGHES.  
WALTER TOWER.  
MR. HUNTINGTON.  
L. C. WELLS.  
PEMBERTON SMITH.

Representatives from Great Britain advised that their immediate requirements for home consumption of metals would not necessitate to any great extent the importation of metals from the United States, that through their colonies and otherwise they would be able to secure such materials as are necessary.

To meet the problems of restoring the devastated countries of Europe in the form of manufactured products, would necessitate negotiations for purchases of metals to that extent.

The delegation was favorable to creating a permanent organization, through the machinery of which could be worked out the problems of an equitable distribution of materials on a reciprocal basis.

Considerable discussion of a general nature was had relative to the needs for conservation of transportation, coal supply, as affecting metal industries, and labor conditions.

No definite data as to requirements in metals was given. The general opinion was that exports in metals such as can be supplied from the United States, should be made to the countries of Great Britain, France, Italy and Belgium, to be used by them in the manufacture of such articles as are necessary to reconstruct and to distribute to the nearby countries, at least until the time when their own plants are in operation.

## BELGIUM.

The Committee on Metals met with the Belgian Mission at Room 526, Hotel Traymore, at 2 p. m., Wednesday, October 22, 1919.

Those present were:

*For Belgium.*

M. CANON-LEGRAND.  
M. NEVE.  
M. HANKAR.  
M. DE GROOTE.

*For the Committee.*

E. A. S. CLARKE, Chairman.  
O. K. DAVIS, Secretary.  
G. H. MOSELEY, Assistant Secretary.  
WM. BUTTERWORTH.  
WALTER DOUGLAS.  
GEO. N. PEEK.  
E. J. CORNISH.  
EDGAR PALMER.  
E. P. THOMAS.  
POPE YEATMAN.

*Advisors and Councillors.*

C. E. SIEBENTHAL.  
L. C. GRATON.  
GUY C. RIDDELL.  
JOHN HUGHES.  
WALTER TOWER.  
L. C. WELLS.  
PEMBERTON SMITH.

Belgium's needs in metals are particularly steel billets, American markets would be open to this trade provided freight rates and prices were right. The chairman stated that no doubt these matters could be arranged satisfactorily to meet the prices now being secured from Germany and Lorraine. No definite estimates as to needs was stated.

Belgium has twelve blast furnaces now operating, and it is hoped to double the number during the next year.

Under normal conditions the output of steel in Belgium is more than enough for home consumption and provides an excess for export. The curtailing of building and high prices for labor have tended to still further reduce the need for steel so that it is difficult to estimate present needs. However, such metals as are necessary it was thought could be purchased by individual negotiations.

There is no immediate need for other metals, at least the representatives had nothing of any quantity in mind.

### REPORT OF COMMITTEE.

The Committee on Metals reports that it has had full and free consultation with the Committees on Metals representing the Belgian, British, French and Italian Commissions, at which the situation in all these countries with reference to their needs for supplies of metals in order to effect the re-establishment of their industries was fully presented and freely discussed.

In general the reports showed a greater stability of labor conditions and less menace from social unrest than previous public information had indicated. These discussions also showed that the prospect for the complete re-establishment of industry in those countries is decidedly hopeful, provided supplies of raw materials and goods can be secured. So far as metals are concerned it was disclosed that the requirements for France for the ensuing year are estimated at 100,000 tons of ship plates and 90,000 to 100,000 tons of copper.

The estimates of their requirements submitted by the Italian Committee included the following annual quantities over the next five years:

|   | <i>Tons.</i> |
|---|--------------|
| Foundry pig iron.....                         | 200,000      |
| Plates and shapes.....                        | 60,000       |
| Ingots and semi-finished steel and rails..... | 215,000      |
| Scrap iron .....                              | 100,000      |
| Tin plates .....                              | 5,000        |
| Copper .....                                  | 15,000       |
| Various other metals.....                     | 10,000       |
| Total .....                                   | 605,000      |

There are under consideration in France and Italy



plans for extensive electrification of railways, which, if put into operation, will require considerable additional supplies of copper over those stated.

The Belgian requirements are limited to semi-finished steel and copper sheets, but the determination of approximate quantities needed is so dependent upon the rate of restoration of the Belgian works and the supply of necessary fuel as to prevent for the present the making of definite estimates.

The meeting with the British Delegation developed the fact that no specific requirements have been formulated, and that Great Britain expects to be able to obtain all the supplies of raw materials necessary for her normal trade, without any special arrangements therefor. The British Chairman stated: "The object of America and Great Britain ought to be how best to utilize their outputs for the benefit of the devastated areas. Great Britain has already sent considerable consignments to the continent in the way of metal goods for reconstruction purposes. We expect not only to be able to continue this, but also to increase the quantities."

Consideration of the situation presented by the French, Italian and Belgian Committees disclosed the fact that the American industries either have, or are capable of producing surpluses adequate to meet these requirements, provided satisfactory and effective means of financing the transactions involved are arranged. While to a certain degree and in some lines the American industry would be able to take care of a part of these requirements in normal commercial transactions, the aggregate of these requirements involving long credits is so large that, in the opinion of the Committee on Metals, some special financial machinery must be arranged in order to enable the satisfactory fulfilment of these requirements. In view of the fact that filling these requirements presents a problem beyond the scope of the normal financial machinery, it is the judgment of the Committee on Metals that some emergency legislation such as is contemplated by the Edge-Ackerman Bill now before the Congress in Washington, should be enacted. The utilization of such emergency facilities for financing exports would enable the American metals industries to meet Belgian, French and Italian requirements with the greatest possible dispatch and so contribute to the most prompt restoration of normal conditions in Europe.

E. A. S. CLARKE, *Chairman.*

## COMMITTEES ON PETROLEUM.

## BELGIUM.

M. NEVE.  
M. HANKAR.  
M. DE GROOTE.

## FRANCE.

M. DE PELLERIN DE LA TOUCHE.  
M. PARMENTIER.  
M. PONCET.  
M. INGOUF.  
M. DE FREMINVILLE.  
M. PESSON-DIDION.  
M. ROCHE.

## ITALY.

F. QUARTIERI.  
A. PALANCA.  
T. THEODOLI.  
G. RICCI.

## AMERICA.

W. C. TEAGLE, Chairman;

President, Standard Oil Co. of New Jersey, New York City.

C. C. SMITH, Vice-Chairman and Secretary;

Assistant Sec'y, American Petroleum Institute, New York City.

HARRY O. PATTON, Assistant Secretary,

Chamber of Commerce of the United States, New York City.

DAVIDSON, GEORGE S., President, Gulf Refining Co. of Louisiana,  
Pittsburgh, Pa.

DOHENY, E. L., President, Mexican Petroleum Company, New York  
City.

LUCEY, CAPT. J. F., Lucey Manufacturing Co., New York City.

LUFKIN, E. C., President, Texas Company, New York City.

MOORE, DR. JOHN BASSETT, New York City.

O'DONNELL, THOMAS A., President, American Petroleum Institute,  
New York City.

PEW, J. HOWARD, President, Sun Company, Philadelphia, Pa.

PRATT, HERBERT L., Standard Oil Co. of New York, New York City.

REQUA, M. L., Sinclair Oil and Refining Co., New York City.

WELCH, R. L., Secretary, American Petroleum Institute, New York City.

WHALEY, G. P., Vacuum Oil Co., New York City.

WOODMAN, A. C., Union Petroleum Co., Philadelphia, Pa.

Committees from Belgium, Italy and France met with the American Committee on Petroleum, Great Britain not being represented, and discussed this problem and in particular its bearings upon the general fuel situation as a substitute, in view of the coal shortage in Italy and France. Following are the proceedings of the three committee meetings:

#### BELGIUM.

Meeting of the Petroleum Committee of the International Trade Conference with representatives of the Belgian Commission interested in the subject of Petroleum and its products, held in Room 127, Hotel Traymore, Atlantic City, New Jersey, at 8.15 P. M., October 20.

The following members of the American Committee were present:

W. C. TEAGLE, Chairman.  
 M. L. REQUA.  
 E. C. LUFKIN.  
 CAPT. J. F. LUCEY.  
 G. P. WHALEY.  
 W. E. PERDEW.  
 G. S. DAVISON.  
 H. L. PRATT.  
 C. C. SMITH, Secretary.  
 H. O. PATTON, Assistant Secretary.

#### *Representing the Belgian Mission.*

M. DE GROOTE.  
 M. NEVE.

The delegates from the Belgian Mission were warmly welcomed by Chairman Teagle, who extended our guests every assurance of coöperation. He requested the Belgian delegates to speak with the utmost frankness as to



the situation in Belgium, and assured them of the desire on the part of the American Petroleum Industry to render all assistance possible in meeting their petroleum needs.

M. de Groote responded in behalf of the Belgian Mission, stating that the situation with regard to petroleum and petroleum products in Belgium was quite satisfactory—there was no complaint of any shortage of these products, and that it was unlikely there would be any dire need in this respect for some time to come.

The problem that confronted them at the present time was one of storage, in that practically one-half of the tankage in existence before the war had been destroyed as the result of the German invasion. The chief difficulty in restoring this tankage was due to their inability to secure steel plates. The question of securing plates was now under discussion with the Metals Committee and it was hoped that some solution would be reached that would speedily remedy the Belgian present shortage of tank storage. When the storage capacity was sufficiently increased, it was his feeling that the use of fuel oil in industrial plants would be materially expanded. This expansion, however, would depend upon the ability of fuel oil to compete with coal on a price basis and in a lesser degree upon the question of storage. He also emphasized that there would be considerable expansion in the use of fuel oil in the merchant marine. Many ships were changing from coal to oil burners. American petroleum interests, naturally coming in competition with other oil-producing European countries—Russia, Poland, Roumania and others, hence the sale of petroleum products to Belgian interests hinged upon price.

Belgian imports of all petroleum products, prior to the war, totaled for 1912—386,000 tons. Of this the total from the United States was 214,000 tons. The total imported during 1912 was composed of 196,000 tons refined oils and 190,000 tons lubricating oils.

Mr. Neve, the other member of the Petroleum Committee of the Belgian Commission, gave it as his opinion that up to the present time very little fuel oil has been

used in their industrial plants. Because of the present shortage of coal the industries as a whole throughout his country were beginning to consider the use of fuel oil in place of coal. The extensive use of fuel oil in these industries, however, would depend upon the relative price of fuel oil as compared with coal, as well as upon storage facilities. Belgium being a coal-producing country, it does not offer an attractive market for fuel oil.

Both of these gentlemen submitted some very interesting facts as to the havoc visited upon Belgium and Belgian industries as the result of the war. Practically all of their large industrial plants had been destroyed and the machinery shipped to Germany. Under the peace terms most of this machinery was now being returned to Belgium and being reinstalled. The operation of these restored plants, however, was contingent upon the securing of coal or fuel oil to operate the plants.

In this connection it was pointed out that the price of coal at the present time is approximately \$14 to \$15 per ton. Before the war the price was about one-quarter of this figure. The present production of coal is about 86 per cent of the pre-war output, which was 23,000,000 tons per annum. Of the present production large quantities are being exported to Italy and Switzerland. In addition, coal to the amount of 7,000,000 tons per annum was imported from England and Germany.

Electric power has had a rapid development since the end of the war. This has had a material affect upon the consumption of illuminating oils in that country. Prior to the war, kerosene was in general use throughout Belgium for illuminating as well as cooking purposes. The almost total cessation of kerosene imports during the war of necessity compelled some substitute which has brought about the more or less general use of gas or electricity as a means of illumination and for other domestic purposes.

Practically all of the electrical plants are now restored and in working order. It was the feeling of the Belgian representatives that there would not be a very great

market for kerosene owing to the conditions just explained.

The use of motor cars, particularly trucks, has come into general use since the signing of the armistice. Belgian industrial interests have been quick to seize upon the opportunity that was theirs, at the cessation of hostilities, to purchase motor lorries offered for sale by the various armies operating in Europe. Trucks and motor cars of all descriptions now fill the streets. The day of the horse vehicle has passed into the limbo of the days that are gone. To put it in the words uttered by M. Neve, "The streets of Belgian towns look like Fifth Avenue, New York." There is no shortage of gasoline, he said, with which to operate these motor vehicles.

On the general subject of reconstruction, the delegates from Belgium agreed that their country was rapidly reaching normal conditions. Notwithstanding the fact that the population of Belgium has suffered a decline of approximately 5 per cent., the labor question was fairly satisfactory. When hostilities ceased in November, 1918, 800,000 men were unemployed. Today less than 200,000 are idle. There is some labor unrest, largely aggravated by the agitation of labor leaders. Some of the large employing interests were loath to pay the prevailing wage, which today is practically double that of the pre-war basis. The skilled mechanic today is paid 17 to 20 francs for eight hours' work, which is generally the standard throughout the country, both as to wages for skilled help and as to hours of work. Bolshevism is not a serious menace. Practically all of the smaller factories or plants are in operation. In view of the fact that some of the larger plants were destroyed and the machinery transported to Germany, the restoration of these larger units to full operation has been considerably delayed. For example, prior to the war, 54 large blast furnaces were in operation; today only 11 have been restored. The re-establishment of the remaining 46 was dependent largely upon securing an adequate supply of fuel. Before the



war Belgium had 2,560 coke ovens in operation—up to date approximately 650 have resumed work.

The transportation situation as regards railroads is not very satisfactory. Motor trucks are in a measure, however, alleviating the shortage of locomotives. To restore the railroads to their former traffic capacity would require some 500 new locomotives, and efforts are being made to secure these in the United States. As deliveries of their locomotive requirements could not be effected under three months the transportation situation is quite serious. Their old engines cannot be repaired to advantage because of the lack of copper and material for tubes—all of the tube factories being destroyed and the machinery transported to Germany during the period of the war. Until the return of this machinery is accomplished Belgium will not be able to manufacture locomotives.

#### ITALIAN.

Report covering meeting of the Petroleum Committee of the International Trade Conference with representatives of the Italian Mission interested in the subject of Petroleum and its products, held in Room 127, Hotel Traymore, Atlantic City, N. J., 2.15 P. M., October 22, 1919.

The following members of the American Committee were present:

W. C. TEAGLE, Chairman.  
 G. S. DAVISON.  
 E. C. LUFKIN.  
 CAPT. J. F. LUCEY.  
 H. L. PRATT.  
 M. L. REQUA.  
 G. P. WHALEY.  
 W. E. PERDEW.  
 C. C. SMITH, Secretary.  
 H. O. PATTON, Assistant Secretary.

Representing the Italian Mission:

COMMANDER ENGINEER FERDINANDO QUARTIERI.

COMMANDER PIETRO GIOVANNI LAZZERINI.  
MARQUIS T. THEODOLI.  
CAPT. A. PALANCA.

And—

H. C. MORRIS, U. S. Bureau of Mines.  
MISS STONEWALL, Nation's Business.

Following a few words of welcome expressed by Chairman Teagle of the American Committee, the following statement was submitted by Captain Palanca in behalf of the Italian delegates:

*Statement of Italian Fuel Oil Situation.*

The two subjects raised in this statement, namely Fuel Oil, and the entry of American capital in the formation of Italian companies for the storage and distribution of Fuel Oil, and the refining of petroleum were fully discussed.

*Fuel Oil.*

This discussion developed the fact that the use of Fuel Oil as a substitute for coal is receiving the keenest attention on the part of both the Italian Government for use on the Government owned railroads as well as by Italian industries as a whole. This interest is prompted largely by the fact that an equal amount of power in Fuel Oil, as compared with coal, can be transported in one-third less tonnage. The world-wide shortage of shipping, in addition to the scarcity of coal, is, therefore, an incentive toward the use of a fuel entailing the employment of the smallest possible amount of tonnage, assuming of course that fuel oil can be obtained in sufficient quantity and at a price that would compare favorably with coal.

*Coal Prices.*

In this connection it was stated by the Italian delegates that prices for coal in Italy at the present time were approximately, per ton, as follows:

|                    |                 |
|--------------------|-----------------|
| American coal..... | \$33.00 per ton |
| English coal.....  | \$28.00 per ton |

German coal could be purchased, delivered in Italy, much cheaper than these prices, but was limited in quantity.

If a complete transformation of coal to fuel oil was effected in the railroads and other industries of Italy, as pointed out in the statement quoted, it was estimated that the fuel-oil requirements would total 4,000,000 tons per annum.

It was the general feeling of the American members, as expressed by Chairman Teagle, that the American Petroleum industry could supply the contemplated Italian requirements at prevailing prices, either f. o. b. American ports or c. i. f., subject to tank-steamer tonnage being secured.

In order to fully develop this transformation program the Chairman of the Italian Mission emphasized that he and his colleagues were officially empowered by the Government to enlist the capital, experience and coöperation of the Americans in this enterprise. Should this offer of partnership prove attractive to individual petroleum interests in America he was prepared to go into further details, reporting the full circumstances to his Government, which in turn would place any individuals or companies here, desirous of pursuing the matter further, in direct touch with Italian interests wishing to enter such a partnership.

This proposal was listened to with a great deal of interest by American members; it being a subject to which no previous consideration had been given, the Chairman requested that the American Committee be given an opportunity to discuss the matter privately.

#### *Recess.*

Upon reassembling at 5.30, the Chairman of the American Committee stated that the Italian proposal had been reviewed with a great deal of interest. He explained that



the American Committee was conferring with the Italian delegations representing the American Petroleum industry as a whole and that the Committee had no authority to commit the industry to any definite program of the kind outlined. The matter was one for individuals or companies in the petroleum industry to consider privately with the Chairman and members of the Italian Mission.

The Chairman of the Italian mission, as previously stated in this report, expressed his desire to go into full details as to this proposal with any one interested. He pointed out that "Before the Great War there was no interest in Italy in oil. Now it is a great National question. Italy sees it is impossible to exist without oil; consequently we are doing all we can to interest American Oil men in developing an oil industry in the nation. It is a question of the life of the country."

The meeting adjourned at 6.00 p. m.

*Statement by the Italian Committee.*

It is undoubtedly thoroughly understood and recognized that one of the most pressing problems for Italy is that of her fuel supply.

While, on the one hand, no effort is spared to increase the quantity of coal shipped from various sources to Italy, on the other hand, steps are being taken towards the gradual transformation of railroads and factories to burn fuel oil instead of coal. In this connection, we may state that a certain number of our locomotives in service in Italy have already been transformed, and that some locomotives which we are here receiving on a contract placed with an American Company are being built to burn fuel oil.

As the greatest difficulty in the way of a normal and sufficient supply of coal to Italy consists in tonnage scarcity, that is partially overcome by the fact that the projected transformation entails the use of about one-third less tonnage to obtain the same result in power developed.

It is estimated that Italy's need of coal will in the near future amount to a total quantity of 12,000,000 tons per year. Given the expected development of our country, this quantity may substantially be increased, and it is therefore intended to develop a program of transforma-

tion of Italian railroads, manufacturing plants, shipping, etc., capable of absorbing, when completed, about one-half of the fuel imported—namely, an annual supply of about 4,000,000 tons of petroleum (fuel oils, kerosene and naphtha being included in this quantity). This is of course to be understood as applicable referring to the period of completed transformation, so far as we can at present estimate. It also makes allowance for the plan of having a certain small proportion of the refined products manufactured in Italy.

This is therefore a very wide field of enterprise, attracting from every point of view, capital, brains and human efficiency. Practically the whole thing has to be built up from the foundations. It embraces the supply of oil, its transportation to Italy, the building of the necessary tanking facilities, and their utilization; the manufacture as above stated of a small percentage of the refined products required; the distribution of the oils; the operation of fueling stations; the supply of combustion outfit, etc.

There is nobody more fit than the Americans to be our coöperators and we might say our leaders in this enterprise. Large interests can find scope in it; companies constituted; it is a problem that calls for broadminded people, prompt action, economic efficiency, and proved experience. Little wonder, therefore, if we look to you as to the men specifically suited to co-operate in the solution.

It is our intention to interest American capital, and, whenever and wherever necessary, American direction and leadership to the greatest possible extent; so that you may regard it in the light of a permanent partnership. The only limitation we would place on your contribution of capital is that just necessary to preserve the Italian character of this enterprise, so that it shall fully enjoy all the privileges granted to Italian companies under the Italian law.

#### FRANCE.

Report covering meeting of the Petroleum Committee of the International Trade Conference with representatives of the French Mission interested in the subject of Petroleum and its products, held in Room 127, Hotel Traymore, 10 a. m., October 22, 1919.

The following members of the American Committee were present:

W. C. TEAGLE, Chairman.  
 G. S. DAVISON.  
 E. C. LUFKIN.  
 CAPT. J. F. LUCEY.  
 M. L. REQUA.  
 H. L. PRATT.  
 DR. JOHN BASSETT MOORE.  
 G. P. WHALEY.  
 W. E. PERDEW.  
 C. C. SMITH, Secretary.  
 H. O. PATTON, Assistant Secretary.

Representing the French Mission:

M. PESSON-DIDION.  
 M. FRANCOIS PONCET.  
 M. JULIEN POTIN.  
 CAPT. INGOUF.

and—

EDSON T. BASTIN, U. S. Geological Survey.  
 P. B. KENNEDY, Director, U. S. Bureau of Foreign and Domestic Commerce.  
 LESLIE C. WELLS, Trade Commissioner, U. S. Department of Commerce.  
 H. C. MORRIS, U. S. Bureau of Mines.  
 ROBERT P. SKINNER, U. S. Consul General, London.  
 F. S. TISDALE, Nation's Business.

### *French Oil Production.*

The delegates from the French Mission were welcomed by Chairman Teagle, who assured them of the desire of the American Petroleum Industry to be as helpful as possible in meeting the petroleum needs of France.

The situation as regards petroleum was presented in a written report read by Captain Ingouf. This report, briefly summarized, pointed out that outside of Alsace, where approximately 50,000 tons of oil are annually produced, France has no production of petroleum of appreciable significance.



*Coal.*

The output of the coal mines of France had never been sufficient to meet her own industrial needs. The loss of many of her coal mines through war's destruction not compensated for by acquisition of the Sarr district, made it certain that France for some years to come would afford a constantly increasing market for fuel oil.

*Fuel Oil.*

Very little fuel oil has as yet been used in industrial plants and under marine boilers. The war, however, brought about possibilities for an enlarged use of this commodity and it was predicted that in the near future fuel oil would come into general use. Providing the necessary tank steamer tonnage, storage and distributing facilities as well as the incidental equipment necessary to the burning of fuel oil were obtainable, it was estimated that their requirements during 1920 would be at the rate of 100,000 tons monthly. Later on, as additional equipment was installed, it was believed that the importations would increase materially.

Previous to the meeting, the French delegates had been handed by the American Committee, a memorandum of the subject of fuel oil reading as follows:

"The American Petroleum Industry is producing as part of its refinery operations, a grade of fuel oil which is being used generally for bunker fuel-oil purposes as well as for commercial purposes on shore. This oil has a minimum flash of 18,000 B. T. U.'s per pound; is fluid at 30 to 35 degrees Fahr., and contains not to exceed two per cent of dirt, water and sediment.

It is the view of this Committee, generally speaking, that the fuel oil product which can be secured at the lowest price will be a product having practically the characteristics indicated above.

This grade of oil has proven satisfactory for most fuel purposes and this Committee wishes to bring to the attention of the Foreign Missions that if their governments

adopt specifications that exclude the delivery of an oil of this character, through the imposition of more rigid specifications, the result will be that the purchasers will be obliged to pay higher prices for such products.

For other than bunker purposes (*i. e.*, commercial purposes on shore) certain crude oils are being used as fuel without refining treatment. It is suggested that it may be in the interest of foreign buyers if their governments adopt such specifications as will permit of importation of such crude oils for fuel use."

It was apparently agreed by the French delegation that the fuel oil known as "bunker oil" and that for industrial and marine use the grades used in the United States would be generally satisfactory. They were assured that it would not be difficult for the American Petroleum industry to supply their requirements of fuel oil as indicated subject to the necessary tank-steamer tonnage being secured.

#### *Kerosene and Gasoline.*

Prior to the outbreak of the Great War the annual consumption of kerosene and gasoline was 120,000 tons—it is now estimated that the requirements total 500,000 tons, half kerosene and half gasoline. No accurate forecast of the requirements of aviation gasoline could be given. Lubricating oils were being received in generally sufficient quantities.

#### *Road Oil.*

An interesting feature of this report was the reference made to the possibility of France becoming a large importer of road oil, of which very little has been used up to the present time. Its use presents an entirely new departure in road building in France. With 44,000 miles of highways, 14 per cent of which were reconstructed following the havoc of war, it is apparent that the use of road oil presents an attractive field for American enterprise. The report submitted by the French delegation on this point says—"it is very likely that, following the ex-

ample laid by the United States, road oil will be more and more used in the future."

#### *Value of Imports.*

Summing up the total French requirements of kerosene, gasoline, fuel and gas oil, they were reckoned at a yearly value of approximately \$50,000,000, exclusive of freight charges. The report adds—"The United States can secure a very large part of *that* business."

#### *Transportation and Storage.*

France has a regular fleet of tank steamers totalling about 40,000 tons capacity, to which will possibly be added some tankers of German origin, and in addition 70,000 ton of ships now building in France. It was pointed out by the French that water ballast compartments of vessels plying to France could be utilized for carrying heavy oils—a practice largely employed during the war. All of these means, however, would not suffice to transport ultimately the French requirements. Greater additions to the tanker fleet would be necessary to carry the contemplated further increases in the imports of petroleum products.

#### *Storage and Distributing Facilities.*

Tankage for the storing of petroleum products is quite adequate, totalling approximately 150,000,000 gallons capacity. Tank cars, barges unloading berths and racks, are sufficient, or can easily be made sufficient, to distribute imported supplies. While pipe-line transportation is little employed, this form of carrier will, in time, be adopted and provide a more economical means of transportation. Practically all of those extensive means for the distribution of petroleum products were largely created during the war and played a signal and important part in bringing victory to the Allied forces.



*Purchases.*

The Government purchasing organization inaugurated during the war will continue to exist for six months following the ratification of the peace treaty. Peace was ratified in France in October. The next French Congress will determine whether or not the present method of grouping the French importers and pooling their purchases under Government control will be continued.

*Import Duty.*

France must use petroleum fuels as a substitute for the coal she lacks. To encourage the importation of combustible oils, the Act of August 5, 1919, and the Decree of August 30, 1919, provide for a decrease in the import taxes on heavy oils of from 120 francs per ton to but 4 francs. This means that fuel oil can now be sold in France at a price which compares favorably with coal.

*Kerosene.*

The kerosenes used in France corresponds to the grades known in the United States as "Standard White," "Prime White" and "Water White." These grades are perfectly satisfactory to the French consumer.

*Gasoline.*

The present gasoline, however, is not so satisfactory. Before the War France imported mostly grades known as 66/68 and 64/65 gasolines. Subsequently it has been necessary to use 59/61 and the so-called "U. S. Navy" grades. Because self-starters on motor cars are little used in France, a gasoline of high volatility is desirable. New cars, for the most part, are now being equipped with self-starters.

On this point the American Committee explained that the general application of self-starters to motor cars would result in great economy of gasoline consumption. Motors equipped with electric starters were rarely al-

lowed to run idle, which is the general practice with automobiles not so equipped. The saving of gasoline resulting from shutting off the motor whenever the car was stopped would soon effect the additional cost of the electric starter. Then, too, attachment of starters would permit the use of a lower grade fuel than would otherwise be possible.

The discussion on this phase of the gasoline subject brought out the suggestion from the American Committee that the French requirements should be supplied, to the largest extent possible with gasoline of United States standard specifications, which is in general use in America. This suggestion was prompted by reason of the fact that, while the higher grade or more volatile gasoline could be furnished by the American petroleum industry, it would be more expensive than the Standard grade used in the United States.

#### *The Financial Situation.*

Like other European nations, France is at a great disadvantage in the matter of exchange in financing her purchases in this country. For example, gasoline costing wholesale, 20 cents per gallon, f. o. b. New York figures, francs 2.10, at French ports, at the present rate of exchange. At the normal rate the cost would be francs 1.28.

This emphasized the importance of French importers obtaining credit covering their purchases here. Assurance was given our French friends, that the petroleum industry, as represented by the American Committee, would gladly participate in any plan providing for the extension of credit adopted by the Conference, and in this connection they were handed a resolution bearing directly on this subject as follows:

"WHEREAS, the Petroleum Committee of the International Trade Conference, composed of members of the petroleum industry of the United States, has been called together for the purpose of considering the problems in-

volved in furnishing European buyers with fuel oil and other petroleum products, and

"WHEREAS, this committee believes it desirable that the Credit and Finance Committee of the International Trade Conference, formulate some plan which will be a basis for the establishment of credits wherewith to liquidate purchases made in this country by said European buyers, and

"WHEREAS, we wish to express the consensus of opinion of this Committee on this subject to said Committee on Credit and Finance, now, therefore, be it

"*Resolved*, That it is the belief of this Committee that the petroleum industry of the United States will participate in any plan that may be worked out, and will take its share of any type of international bonds or other forms of security created under such plan."

#### *Adjournment.*

Following a few words from the Chairman, expressing a desire to assist France in every way possible in solving her Petroleum problems, and an offer from Mr. M. L. Requa, former Director of the Oil Division, United States Fuel Administration, to provide any desired information on fuel oil burning equipment, the meeting adjourned at 12 M.

#### REPORT OF COMMITTEE.

The Petroleum Committee begs to submit the following report:

The Committee had the pleasure of meeting with the representatives from Belgium, France and Italy, and discussed with them general questions in connection with the petroleum requirements of their respective countries—more particularly the question of their possible needs of fuel oil to supplement the diminishing coal supply.

Briefly summarized the results of these meetings were as follows:

#### BELGIUM.

In this country, there is little or practically no storage or distributing facilities for the handling of fuel oil. Belgium is a coal producing country, and we were advised



that its mines are now operating 86% of their pre-war capacity. It was the expectation of the Belgian delegation that, given the necessary time for reconstruction and rehabilitation, there would be sufficient coal available to cover their fuel needs. They reported that their supplies of other petroleum products were in every way adequate to take care of current requirements.

#### FRANCE.

The French delegation stated that the output of French coal mines had never been sufficient for her industrial needs, and the destruction of the mines in the North had not been compensated for by the acquisition of the Saar district. For these reasons, France would afford for some years to come, a constantly increasing market for fuel oil.

Providing the necessary tank steamer tonnage, storage and distributing facilities, as well as the incidental equipment necessary to the burning of fuel oil, were obtainable, the French delegates estimated their requirements for 1920, as approximately 100,000 tons of fuel oil per month. The Petroleum Committee advised the French delegates, that it would not be difficult for the American petroleum industry to supply their requirements of fuel oil as indicated, subject to the necessary tank steamer tonnage being secured.

The French delegation explained, that they expected a relatively larger consumption of gasoline in the future than there had been in the past. The Petroleum Committee pointed out the desirability and, perhaps the necessity of arranging as soon as possible, so that the French requirements might be supplied to the largest extent possible with gasoline of United States standard specifications.

#### ITALY.

The Italian delegation informed us, that there were no coal mines in Italy and that one of her most pressing problems was an adequate supply of fuel. We were advised, that a certain number of locomotives on the Italian Government Railroads had already been adapted to burning fuel oil, and that contracts for additional locomotives specified "fuel oil burners." They estimated, that eventually, as soon as the necessary tonnage and other facilities could be created, that Italy might be able to use up to 4,000,000 tons of fuel per annum.

The Italian delegation urged that American capital engaged in the petroleum business should join with Italian capital in the formation of local Italian companies to undertake the creation of the necessary facilities, not only for the storage and distribution of fuel oil, but also for the completion and operation of two or three refineries in different parts of Italy.

#### GENERAL.

All of the foreign delegations pointed out the difficulties arising out of the present acute exchange situation, which was fully recognized by the Petroleum Committee.

The following resolution was adopted:

"That, it is the belief of the Petroleum Committee, that the petroleum industry of the United States will participate in any plan that may be worked out, and will take its share of any type of International bonds or other forms of security created under such plan."

A report in detail covering the proceedings of the various meetings will be prepared and may be had upon application to the United States Chamber of Commerce or the American Petroleum Institute.

W. C. TEAGLE, *Chairman.*

#### COMMITTEES ON RECONSTRUCTION SUPPLIES.

##### BELGIUM.

M. CANON-LEGRAND.  
M. NEVE.  
M. VAN DEN VEN.

##### FRANCE.

M. VARAIGNE.  
M. WADDINGTON.  
M. GODET.  
M. TIRMAN.  
M. DOLLEANS.  
M. PONCET.  
M. INGOUF.

GREAT BRITAIN.

SIR ARTHUR SHIRLEY BENN.  
SIR JAMES HOPE SIMPSON.  
MR. MARSHALL STEVENS.

ITALY.

L. LUIGGI.  
V. MENEGHELLI.  
A. JACCARINO.  
E. BARONI.  
F. QUATTRONE.  
G. B. CECCATO.  
G. GRANATA.  
E. GERLI.  
V. E. SILVESTRI.  
E. FLORES.  
A. PALANCA.  
O. ROSSATI.  
T. THEODOLO.  
M. LUIGGI, JR.  
A. ANZANI.  
P. TUCCIMEL.  
DR. MIOZZI.

AMERICA.

E. W. RICE, JR., Chairman;  
President, General Electric Co., Schenectady, New York.  
GEORGE A. O'REILLY, Vice-Chairman and Secretary;  
Irving National Bank, New York City.

ASBURY, CHARLES W., President, Enterprise Manufacturing Co.,  
Philadelphia, Pa.; President, American Hardware Manufacturers' Association, New York City.  
BABB, MAX W., Vice-President, Allis-Chalmers Manufacturing Co.,  
Milwaukee, Wis.  
BRANTINGHAM, C. S., Emerson, Brantingham Co., Rockford, Ill.  
BURTON, J. H., J. H. Burton & Co., New York City.  
CORNELL, C. L., Vice-President, Niles-Bement-Pond Co., New York  
City.  
DOAN, J. B., President, American Tool Work Co., Cincinnati, Ohio.  
DURYEA, DR. J. T., President, Pierce, Butler & Pierce, New York  
City.



- FLETCHER, ANDREW, President, American Locomotive Co., New York City.
- GOODMAN, CHARLES A., President, National Hardwood Lumber Co., Chicago, Ill.
- HERR, E. M., President, Westinghouse Electric & Manufacturing Co., East Pittsburgh, Pa.
- HILDRETH, CHARLES E., Secretary, National Machine Tool Building Association, Worcester, Mass.
- KAUL, JOHN J., Kaul Lumber Co., Birmingham, Ala.
- LEGGE, ALEXANDER, Vice-President, International Harvester Co., Chicago, Ill.
- MASON, STEPHEN C., President, National Association of Manufacturers, Pittsburgh, Pa.; Secretary, McConway & Torley Co.
- MCCLURE, JOHN W., First Vice-President, National Wholesale Lumber Dealers' Association, Belgrade Lumber Co., Memphis, Tenn.
- RANNEY, GEORGE A., President, National Implement and Vehicle Association, Chicago, Ill.
- SALMON, W. W., President, General Railway Signal Co., Rochester, New York.
- STEWART, HAMILTON, Vice-President, Harbison Walker Refractories Co., Pittsburgh, Pa.
- TRIGG, ERNEST T., Vice-President, John Lucas & Co., Philadelphia, Pa.; President, Federation of Building Industries.

The Committee met Sunday, October 19, at 8 p. m., the following members being present:

E. W. RICE, JR., Chairman.  
 GEORGE A. O'REILLY, Vice-Chairman and Secretary.  
 WM. D. SOUTHWICK, Assistant Secretary.  
 J. H. BURTON.  
 A. R. BUSH.  
 MAJ. WM. M. CHAMBERLIN.  
 C. L. COMELL.  
 CHAS. E. HILDRETH.  
 GEO. A. RANNEY.  
 W. W. SALMON.  
 HAMILTON STEWART.

The following suggestions were offered for consideration of the Committee:

1. Ascertain from Delegations:
  - (a) Class of goods required
  - (b) Quantity of same
  - (c) Rate of delivery required

2. Get information regarding plans of the four countries concerning the supplying of the needs of the Central Powers; this, because of its bearing upon our possibility of production.

3. Information concerning the goods they will be able to export; this in connection with the idea of barter.

4. Suggested that sub-committees be created to treat different lines, or group of lines, which are to be considered.

5. Get information concerning the extent to which these countries propose to supply their own needs by purchases from us, also purchases from other countries.

6. It was suggested by Mr. Charles E. Hildreth that the surplus machinery and tools, which it is proposed to offer to American purchasers by the Government, be tendered to our Allies upon the same basis as is proposed to offer same to American trade.

## MEETING.

OCTOBER 21, 10 A. M.

### ITALY.

The Italian Committee, represented by:

L. LUIGGI.  
V. MENEGHELLI.  
E. BARONI.  
F. QUATTRONE.  
A. PALANCA.  
T. THEODOLI.  
M. LUIGGI.  
A. ANZANI.  
P. TUCCIMEI.  
A. JACCARINO.  
G. B. CECCATO.

Were received by the Reconstruction Supplies Committee, the following members being present:

E. W. RICE, Chairman.  
GEORGE A. O'REILLY, Vice-Chairman and Secretary.  
WM. D. SOUTHWICK, Assistant Secretary.

MAJ. WM. M. CHAMBERLIN, Assistant Secretary.  
C. S. BRANTINGHAM.  
A. R. BUSH.  
J. H. BURTON.  
C. L. CORNELL.  
J. B. DOAN.  
DR. J. T. DURYEA.  
CHARLES A. GOODMAN.  
CHARLES E. HILDRETH.  
GEORGE A. RANNEY.  
W. W. SALMON.  
HAMILTON STEWART.  
L. C. ZAPP.

Dr. Luigi Luigi expressed great appreciation of the wonderful industrial accomplishments of the United States. Upon this, he based the confidence of the Italian Mission in our ability to help Italy re-establish herself. Through Dr. Luigi, the Commission voiced its appreciation of the efforts and success attendant upon Mr. Filene's activities in behalf of this convention.

Dr. Luigi stated that while the North of France has suffered great industrial loss incident to the war, agricultural interests in the North of Italy, have suffered very materially, and this phase of the Mission's labors is to receive special attention. The Northern country is largely under water, because of the lack of machinery in the nature of pumps and other equipment for draining and re-establishing the areas. The enemy destruction in this section was exceptionally thorough. The region is highly fertile, and the population is dense and exceptionally capable in agricultural pursuits. Farmers also lost to the enemy all of their farming implements which, together with the damage to the buildings, developed almost complete ruin. It is absolutely necessary to start production on account of the great need of food supplies for the rapidly growing population. Formerly Italy produced sufficient food during eight or nine months of the year to meet nearly all the requirements of the nation. Some imports were made during the other three or four months of the year. To meet the present and future conditions, it is essential that the damaged machinery should be



replaced, and the farm machinery, fertilizers and other methods of modern farming be applied.

The Austrians, while perhaps not so savage as the Germans, were more thorough in other respects. What was not destroyed was carried away. If the buildings were not destroyed completely, the doors, windows, hardware, etc., were stripped and burnt or sent into enemy territory. As a result, lumber, windows, doors, etc., are vitally needed to re-house people. Our aid in this respect is solicited. While Italian homes were nearly all masonry they cannot be built quickly, and haste is essential. Block-making machinery would help those who desire to rebuild in masonry and our cement block-making machinery would be welcomed. In addition, our ready-made houses would be of interest; this subject being treated later.

Prof. Vittorio Meneghelli explained that the fisheries in the Adriatic, suffered materially. Practically anything that served to secure fish, or other sea foods for the population, was destroyed. This included more than 1,000 fishing boats, and all equipment, such as nets, gear, etc. This will require replacement. He submitted for the use of the Committee, a complete report on the subject of agricultural and industrial reconstruction, which is attached. This report was read to the Committee. The Professor stated, that in a nutshell, textile, engineering, lumber, chemical and agricultural implements were those needed prompt attention.

Com. Baroni explained how certain sections of the country not yet in good cultivation, are surfaced with a hard crust, which must be broken before cultivation. The climate in this section is suitable for fruit, vineyards, etc. The sections adjacent to Rome, and that in the Southern part of Italy, are of this character. They would all be exceedingly productive, if some means of quickly and thoroughly breaking and cultivating the soil can be had. Italy has large quantities of explosives, which she wishes to use in blasting this surface, and Dr. Luiggi asked what suggestion we could offer relative to quick drilling processes which would produce holes, a maximum

of 3 feet in depth, in which explosives would be placed for blasting. He suggested, that diamond drills, air drills, etc., were too expensive, that some simple machine would be required, and that, if possible, we should keep in mind the fact, that electricity could be freely used throughout these territories for power. Mr. Stewart, of Harbison Walker Refractories, suggested the DuPonts be requested to get in touch with the Italian Mission inasmuch as they were doing this work on a large scale.

In other sections, winter rains and snows stay on the ground so long that it prevents planting wheat and other crops, unless promptly drained. There are a certain number of pumps, motors and draining equipment made in Italy, but our larger interests in this direction suggest co-operation in effecting desired results. After the land is drained, trenches must be cut and the necessary machinery for doing this quickly and efficiently must be secured. Not only it is necessary to drain these sections for agricultural purposes, but the question of health of the population living in these areas is involved. It is requested, that the engineers of the United States War Department, be asked to supply the Mission with the information relative to trench digging machinery, inasmuch as they have used large numbers of similar machines during the war. It was suggested also, that the Mission be referred to the Austin Company, of Waukegan, Ill., manufacturers of trench digging machines.

There is an abundance of labor in Italy. Every means of providing work and food for these men must be developed. Formerly, about 600,000 Italians emigrated from Italy each year. The population is now increasing at the rate of about 1,000,000 per year, and, because of the shutting of the doors in allied countries to immigration, there is no exodus whatever, which is developing a serious problem. If work and food is not supplied in the immediate future, disturbances may result. It was suggested, that American interests be requested to co-operate with the Mission in respect to the reclamation of land,

that is to clearing, draining and planting lowlands, together with the character of crops applicable. Dr. Luiggi stated the Italian laws on the drainage of marshes grants a good subsidy for this work on a very considerate basis. Mr. Salmon of the General Railway Signal Company, of Rochester, suggested that the Commission view the work now being done in areas between Rochester and Syracuse, in that much of it is of a character very similar to that described by Dr. Luiggi. Mr. Salmon offered to supervise a visit if the necessary arrangement can be effected.

As a part of the above program of reconstruction, Dr. Luiggi stated the housing question was of vital importance. Wooden houses are too expensive. We might have our manufacturers of standard homes submit a proposal covering frames of houses without roofs or walls, but to include wire netting sides upon which the Italians would apply cement through cement guns, such as have been made during the war. Expensive houses are not needed. Buildings of a more or less temporary nature, such as these frame and cement houses would meet the requirements. The Italians lack experience in the construction of such houses, and will gladly invite American initiative for their interest. Mr. Burton of J. H. Burton & Company, New York, suggested our "Take down" houses as used during the war. He stated, the French Government investigate these buildings, but because of the tendency to stone similar to Dr. Luiggi's possible objection, they were not inclined at first to buy them in quantities. At the present time, however, Mr. Burton has submitted bids for some 56,000 of these houses for use by the miners in the Lens area. They are all fabricated ready to set up. The cement is later applied with cement guns as above described. Dr. Luiggi says this building is exactly what they want in large numbers. The Southern mills are figuring on supplying the lumber and frames, and in designing and constructing them, they are including the doors, windows, etc., that there will be absolutely no loss, and the total cost would involve less than that



of an all-wood building. Dr. Luiggi suggested that these buildings be supplied without roofs. Rubberoid roofs have been experimented with in Italy, but on account of the winds, and other conditions, they do not seem to have proven satisfactory. Instead, roofs might be made of tiles and slate, which are better and plentiful. Mr. Collier, of the Ingersol Rand Company, can furnish information relative to the cement guns referred to.

Summing up, the needs of reconstruction in Italy are as follows:

#### Agricultural Machinery:

Pump machinery for drainage of land; trench digging machines, plows, sowing drills, tractors, thrashing machines, drills for breaking up the land by explosives, etc.

#### Lumber:

For repairing houses and fishing ships; about 20,000 tons per annum.

#### House Building Machinery:

Elevators for building materials, concrete and cement mixers, excavators, brick presses, concrete block making machines, cement guns, etc.

#### Machines For Fishing Industry:

Motors for ships, net making machinery, refrigerating plants and trucks for fresh fish transportation, etc.

The type and the number of these machines can only be fixed after visiting the factories that produce them.

Dr. Luiggi expressed also the possibilities of hydroelectric power in Italy. He stated, that of a possible  $3\frac{1}{2}$  to 4 million h. p. available, only 1,500,000 was utilized. It is desirable to utilize this power, but lack of money at the present time prevents its development. Steel pipes, transformers and other equipment will be required.

It is suggested, that American and Italian interests be combined for the purpose of developing this hydroelectric power. Heavy trains can be handled over grades incident to mountain lines, particularly in the central sections of the country, if the above can be effected. The

money necessary for these improvements can be returned in the course of some ten to twenty years. Mr. Rice, Chairman of the Reconstruction and Supplies Committee, referred the Mission to Mr. Babb, of the Allis-Chambers Company, of Milwaukee, interested in the manufacture of water wheels. Dr. Luiggi suggested that the development of these interests would enable Italy to amply repay the United States for funds so employed.

The harbors at Genoa, Naples and Venice all require improvements involving heavy expenditures. Some \$5,000,000 to cover the cost of dredges and other heavy machinery, such as we have used on the Panama Canal, will be necessary. This project, he thinks, is of such vital interest that American engineers and executives should visit Italy for the purpose of investigation. The enlargement of the Genoa harbor has just been approved by the Italian Government. This will involve the filling in of some 3,000,000 square meters to provide space for warehouses, etc., in that it is physically impossible to make further expansion landward, owing to the mountains. The earth dredged will be used for filling in the areas contemplated. It is estimated, that it will cost 150,000,000 lire, and that the land can then be sold at approximately 300,000,000 lire. The Government is ready to pay instalments up to 50,000,000 lire. American executives, engineers and contractors, are desired in connection with the harbors and hydro-electric work, because of their familiarity and proven ability to execute similar contracts quickly. Italy would want to control on a basis of 51%. Mr. Salmon, of the General Railway Signal Company, Rochester, N. Y., advised that the New York State Barge Canal was practically completed, and that possibly in the near future the equipment used in this project could be had. It was suggested that information be secured and submitted to Dr. Luiggi.

Mr. Ranney of the National Implement & Vehicle Association, requested information from the Italian Mission, as to embargoes and restrictions existing on tractors, and other articles at the present time. Mr. Quat-

trone, of the Italian State Railways, New York, stated in answer, that temporarily certain restrictions and limits were necessary on account of exchange. Mr. O'Reilly, Vice Chairman, of the Reconstruction and Supplies Committee, asked if this did not apply only to cash payments. Mr. Quattrone's answer gave the impression, that it applied generally. Mr. O'Reilly further stated, that he hoped and assumed that exchange is, however, merely a matter of temporary import. Dr. Luigi also stated, these embargoes are temporary, and that if Italy secures large American loans, the exchange will drop, and that after these loans have been consummated, the embargoes would be raised. Mr. Quattrone asked, that the question of credits not be considered so essential as that of imports from Italy. They have great quantities of sulphur, marble and asphalt, and he thinks a combination of American and Italian interests might be of material advantage to both countries.

Marble is also restricted from American markets, which should be remedied, in order to develop exports to America and decrease exchange. America previously purchased large quantities of marble from Italy, and the Italian Mission is interested in having this business renewed.

It was suggested that Italian engineers and dealers frequently come to America to absorb American ideas; whereas this is not reciprocated on the part of American interests. It was urged, that this be done. Italy is very anxious to encourage mutual interests and earnestly requests that American executives keep in closer touch with their possibilities. Co-operation might be also arranged in respect to shipbuilding. The Mission especially invites American interests and shipbuilding experts to study this phase of their requirements.

Large quantities of manganosite were exported from Italy and from Austria and Hungary through Italy to the United States. At the present time, California and Washington are developing manganosite, said to be equal that furnished by Greece, Austria and Hungary, but in-



ferior to Italian manganosite. This condition together with the cost of transportation has greatly reduced the import of manganosite to the United States, which, of course, is felt by Italy. The price before the war was \$16.00 per ton, at New York. The price now approximates \$35.00 to \$40.00 per ton. In other words, the Western product can be delivered very much lower in cost than that imported. In addition, Congress passed a bill placing a duty of \$15.00 per ton on imported manganosite, all of which means that the situation is rather indefinite at present. Dr. Luiggi stated, the Italians were doing their very best to lower exchange, and to bring about these improved conditions. Prior to the war, they were shipping large quantities of mercury to all of the Allies. Italy also produces large quantities of asphalt and borax, which they are anxious to export. Dr. Luiggi stated the main interest of the Mission is to lower exchange permitting trade here in order not to be driven to other markets

It was stated that because many workmen in Italy were not busy possibly unfinished articles could be shipped from this country to Italy for completion by Italian labor, which might further reduce the cost. Raw materials and machinery for the manufacture of finished products for export to Turkey through Italy, and the Near East, is a subject contemplating the extension of trade in that direction, and in addition, boots, shoes, clothing, etc., partly prepared here, and completed in Italy would find ready sale and develop trade.

Mr. Quattrone, appealed to the Committee relative to the previous suggestion, that our practical men go to Italy, and co-operate with their labor. He stated that many of our people visited Italy, but that as a rule they came in appreciation of the artistic side of his country, and that while that was pleasing, he wishes our leaders to see the possibilities of co-operation industrially, and that, accordingly they come quickly for purposes of investigation along these lines.

Dr. Luiggi closed by stating that Italy must have help of raw materials. England does not feel her losses so

much. France has suffered in the loss of men, and that this is true of Belgium, but that in business, Italy has probably suffered more than others. He stated, that 62% of their Merchant Marine was destroyed, and that only the smaller vessels were left, and that these were not adapted for the purpose of export of merchandise. He stated they have large shipyards and plenty of workmen, but little raw material, so that the providing of raw material is essential for the rapid industrial recovery of Italy, and the money could be easily returned.

The inhabitants of Italy now total about 40,000,000. Of these, 38,000,000 live by agriculture and all farmers are very law-abiding citizens, leaving a balance of 2,000,000 for shipping and industries. The people are generally satisfied with conditions. He thinks order will be kept throughout the country, and that few disturbances we read of in the papers originate in thickly settled industrial centers, and are quickly abated by the rural population which means order.

Foodstuffs for a while will also be necessary, especially wheat, and meats and fats may be required in certain quantities. Dr. Luiggi thinks that after arrangements for co-operation have been effected, and that sufficient influence among our banks and large industries have been arranged to develop these improved conditions, the relations will mutually and eminently satisfactory.

## MEETING

WEDNESDAY, OCTOBER 22, 2:15 P. M.

### FRANCE.

The French Committee, represented by M. le Commandant Varaigne and Mr. Pesson-Didion, M. Tirman and M. Parmentier, were received by the Reconstruction Supplies Committee, the following members being present:

E. W. RICE, Chairman.

GEORGE A. O'REILLY, Vice-Chairman and Secretary.

WM. D. SOUTHWICK, Assistant Secretary.

W. M. CHAMBERLIN, Assistant Secretary.  
MAX W. BABB.  
C. S. BRANTINGHAM.  
J. H. BURTON.  
C. L. CORNELL.  
J. B. DOAN.  
DR. J. T. DURYEA.  
CHARLES A. GOODMAN.  
CHARLES E. HILDRETH.  
STEPHEN C. MASON.  
JOHN W. MCCLURE.  
GEORGE A. RANNEY.  
W. W. SALMON.  
HAMILTON STEWART.

Major de Varaigne, head of the French Mission associated with the American Services in Paris during the war, read a review of the present situation in France relative to reconstruction supplies, a copy of which is attached.

This report covers a general discussion of the subject.

France intends to follow the example of her friends in the West. She will use improved machinery in an effort to offset her loss of man power. The nation does not expect to require outside assistance in respect to farm machinery with the exception, perhaps, of harvesting machines, binders, etc. The large number of motors, tractors and other devices on hand following the war will be applied quite generally to agricultural and other peace requirements.

Lumber will be essential for building purposes. The Baltic and White Sea sections, have supplied a portion of these needs in the past. France intends to purchase as much as is possible from her own colonies in order to favorably affect the exchange rate. Many of the railroad ties purchased by France and the Allies, remain on hand, and in such quantities as to make it possible to divide with other devastated areas where railroad reconstruction is contemplated and under way. Only certain specialties in wood and lumber will be imported from the United States.

Silica brick for lining furnaces and other requirements of a similar nature, will be imported from Greece and Italy. The latter country is developing large interests in ores of this nature. France, herself, will supply an appreciable percentage of these products.



It is the intention of the French to import from those sources, where they do not owe money in order to facilitate the payment of their debts to creditor nations.

It is true, that the switch and signal system of the French railways are operated largely by hand. Only a small number of freight trains are controlled by air. It is admitted, that the larger cars, longer trains with automatic control, as practiced in the United States, are far superior to the small French car controlled by brakemen, one to every five cars and indifferent schedules. The customs of any country are difficult to change. Our systems are needed. Before the war, it was difficult to inaugurate a change in methods because the five great railroads were directed by engineers who are not inclined to interfere with existing methods. Conditions have changed, and there is now a bill before the French Parliament, which provides an administrative body for the country's railway system, which will specify modern devices for the safe and efficient operation of trains. American assistance in this respect will be greatly appreciated. Freight cars will have a capacity of fifty tons. Generally, the small cars will be replaced.

It is the belief that the French working man is going to take hold and do his part in the upbuilding of the country. It is difficult to determine now nearly sufficient the present supply of labor will be to the requirements. Especially is this true of trained or expert leaders. Wages is an element for consideration. It is not known what percentage of labor may be had from Germany, if any, in accordance with the Peace Treaty. This question has not been settled. Emergency problems in respect to labor are likely to remain a possibility.

It is not believed the labor situation in France is as serious as that of the United States. America has gone as far as she can in supplementing man power with machinery. France still can improve in this respect. United States has raised its labor forces to such an elevation, that they cannot go higher without the risk of a blow-up economically. France has not yet reached the limit to which she can make concessions to labor. Hence, France has a considerable margin to rely on in further developments. France is insured against bolshevism to a large extent, because the peasants either own outright or are directly interested in much of their land. Fully 90% of the farms are in their hands. The profits of the soil will be worth more following the war than before.

France intends to export the same pre-war specialties;

silks, perfumeries, canned peas and other vegetables, French macaronis, etc. However, a diversity of lines for export is contemplated, for instance, the country now has two million tons of steel for export, but doubts the opportunity of a ready market at present. These products will be shipped wherever there is a source of demand. It will all favorably affect the rate of foreign exchange. That the rate of exchange will improve is certain.

The Chamber of Commerce is requested to submit the list of machine tools required by France, and submitted at this conference to the American Tool Builders' Association. It is believed, the association will co-operate to the limit in securing these machines under the most favorable conditions of price, credit, etc. Reference is also made to the large number of such tools in the hands of the United States Government, in addition to those in France, which were included in the sale of surplus supplies to that country.

Russia, Roumania, Turkey, Servia and South America are all debtor nations to France. Exports will be directed as far as possible to these countries for obvious reasons.

With further reference to steel: France exported steel and steel products before the war. She was the second largest exporter of iron ore during that period. Much pig-iron was exported to England. Coal, too, has always been an important item of export. France supplied the Allies with tanks, shells, light and heavy guns. The United States purchased \$300,000,000 in field guns alone. Purchasing these supplies from France, effected a marked saving in tonnage. The shipyards of France were making war material. This explains the decrease in foreign business during the war, and the great shortage of essentials to the future of France as prevails today. The great Creusot Works, is now preparing to manufacture mining and other peace machinery. These plants are all being re-established to meet peace-time requirements, and it is believed that in the near future conditions will approach normal.

The canals of France are to be improved, enlarged and used under much more favorable conditions. Larger barges will be constructed. These means of communication with the eastern boundaries of the country will greatly facilitate the exchange of supplies. The Seine is to be improved, which includes deeper water at Paris. The plan is a large one and contemplates work which will involve the most improved engineering equipment, dredges, shovels, etc. Cheaper transportation rates will



prove one of the marked advantages. America's work on the harbors at Brest, and other ports, has greatly impressed the French nation. Ten million dollars is the sum contemplated for these improvements.

Food products are to receive special attention. Algeria offers great possibilities for wheat when means of transportation have been effected, and France expects to export considerable quantities of this essential.

In Alsace and other sections, it is contemplated to use the great water power facilities for furnishing cheap power throughout the adjacent sections. Railways operating with this power will afford cheap and efficient connections with the Rhine. Large power plants with great capacity and modern equipment, will be used instead of smaller and more scattered units involving more labor, etc. An outline of these proposed improvements is attached.

The imports from Germany, in 1913 and 1914, naturally included the products of Alsace and other sections now within the boundaries of France. Potash interests are to be enlarged. Formerly, Germany syndicated the output, limiting the extent in order to control prices, etc. Certain supplies will be imported from Germany, and the costs applied on the debt of that country to France.

Summed up, the question of sources of supply for France, are covered in the words of Major de Vairaigne, who stated, France intends to buy where she can get the best goods at the best prices.

The "Lists of Importations from Germany into France in 1912 and 1913," published by the Institut Francais aux Etats-Unis, 599 Fifth Avenue, New York, affords information, which will enhance the value of this report if a copy can be had and included.

#### REPORT BY M. LE VARAIGNE ON RECONSTRUCTION NEEDS OF FRANCE.

I have been trusted with the mission of answering your questions, and give you, as far as possible, any kind of information you would require, about the work of reconstruction to be completed in France, as well as about the special supplies required for this work. In order to perform this task, I have thought that it would perhaps be of interest to you to have, first, a general idea of what this work of reconstruction may be, to what kind of de-



struction it applies, and in which proportion for each kind.

I suppose, too, that it would be important for your information to give you some figures, explaining what was to be done at the time when the armistice was signed, what has already been done, what remains to be done.

But, you could not understand completely, even with figures, what this work of destruction accomplished by the Germans amounted to, what it really meant for populations entirely deprived of the means of earning their livelihood, if I should not indicate to you first, the terrible method with which the enemy acted, upon a perfectly elaborated plan, to wreck our means of production.

In order to enlighten the question, we shall follow the development and the execution of this plan.

At the very beginning, the German requisitions in the occupied territories were limited to the necessities of the zone of the armies, but, from January, 1915, the enemy began to get hold, by means of requisition, of all the goods which could not be brought to him from overseas any more; coffee, rubber, wool, cotton, clothes, tissues, etc.

Then, the Germans decided to transfer into Germany, all our machinery in order to strengthen themselves, and at the same time to weaken us. For this purpose an official organization called B. D. K. was created, under the supervision of the Minister of War. The first task accomplished by this organization was to make an inventory to classify and indicate to the German Industrials, all the machinery existing in the plants of the invaded regions in Belgium and Northern France. The German Industrials, acting upon this information, and often after a personal inquiry on the spot, bought any material that happened to be convenient to them, giving for this a percentage benefit to the said organization, which made enormous profits out of this trade.

At the same time, with that civil requisition the military service drew equally from our plants, all kinds of supplies, the first opportunity being given, however, to the B. D. K. organization.

As a manner of payment, the French or Belgian Industrials would receive requisition bonds bearing no indication of value, but only a very brief and often incomplete description of the material.

The requisitions made by the B. D. K. applied not only to machinery, but also to railroad equipment, cranes, even to building frames.

In many plants, when all the raw materials and machinery had been transferred to Germany, the frame was minutely enumerated, then dismantled and sent to be remounted in Germany.

After this period of utilization, came a period of destruction. To fill their blast furnaces and open hearth furnaces, deprived of most of their pig iron, by the lack of transportation, the Germans put into pieces with the blow pipe, the metallic frames of the works, and transformed in scrap iron the special machinery, which it was impossible to transport.

They succeeded in this way in reducing by 75%, the difficulties of transportation of the raw materials, but destroyed by 90% to 95% the value of that machinery, and thus sentenced to death the robbed plants, taking into consideration the difficulties and duration of time that would be necessary to replace that fundamental equipment.

Such destruction was carried on without interruption, until the end of the war, and even after the armistice was signed.

On the 23rd of November, 1918, a letter sent by an inhabitant of a town near to a German-Belgian border, and yet occupied by the enemy, read as follows:

"We are full of joy and exultation, the last Boche robbers will leave us within two or three days. They have continued to destroy and plunder until the last minute."

At that time, the German Kaiser had already signed, and the military party was no more the leader of Germany. This is the best evidence that all the German people are fully responsible for those destructions.

Those requisitions were not in any way commanded by military necessities, and their issues were already intended for civilians.

As an evidence of this information, there is a translation of an article published by the "Norddeutsche Allgemeine Zeitung," in August, 1918, which is as follows:

"Tools and construction materials, coming from the occupied territories will shortly be given to German farmers, industrials and traders."

"The intermediaries" speculation will be avoided by any possible means. There are, in those stocks: Pioneer tools, tools for iron and lumber industries, for pipe construction, for concrete makers, light apparatus, cables, etc."

This is the best proof that military requisition has been conducted in a way entirely contradictory to the

stipulations of the Hague Convention, for the only benefit of civil enterprises, far away from the zone of armies.

The enemy could not even try and justify those requisitions by the necessities resulting for him from the blockade.

He has actually attempted to sell his surplus in neutral countries. Offers have been made by advertisements, notably in Holland and in Sweden, and the Allied diplomacy had to intervene to stop such sales.

If one remembers that the B. D. K., an organization depending upon the Ministry of War, was given a percentage benefit on all these operations, one cannot but conclude that the Germans have transformed the military requisition into an immense and profitable commercial enterprise.

If you add to those systematic destructions the ravages made by the war itself; the towns and villages blown up and put into flames by the incessant firing of the guns; fields overturned by the battle raging for four years on their soil, which is the total of the damages?

A few figures for each of the branches in which destructions were operated will give you a general idea of the harm done to France.

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## PUBLIC WORKS.

Figures extracted from "Journal Officiel," February 10th and 24th, March 21st and July 8th, 1919.

### A. RAILROAD:

|  |                    |
|--|--------------------|
| Railroad lines destroyed or out of service.....  | 3,027 miles        |
| Bridges destroyed .....  | 1,510 miles        |
| Telephone and telegraph lines destroyed.....   | 1,730 miles        |
| Buildings destroyed .....  | 590 miles          |
| Water tanks .....  | 150 miles          |
| Metallic canalization, signals and metallic works other than bridges: tonnage to be replaced ..... | 20,000 tons        |
| Construction or repair shops out of order.....   | 7                  |
| Warehouses completely destroyed.....   | 25                 |
| Local railway lines and tramways:  |                    |
| Mileage of lines destroyed or damaged.....   | 850 miles          |
| Estimate of material damages.....  | 416,000,000 francs |



## B. WATERWAYS:

|   |           |
|---|-----------|
| Number of miles to be reconstructed.....      | 580 miles |
| Bridges entirely destroyed.....               | 450       |
| Locks entirely destroyed or seriously damaged | 115       |

## C. ROADS:

*National Roads:*

|  |                    |
|--|--------------------|
| Mileage of national roads damaged..... | 4,800 miles        |
| Tonnage of necessary materials.....    | 2,900,000 tons     |
| Engineering feats destroyed.....       | 550                |
| Approximate expenses .....             | 130,000,000 francs |

*Other Highways:*

|  |                    |
|--|--------------------|
| Mileage of roads to be repaired.....       | 52,000 miles       |
| Tonnage of the necessary materials.....    | 7,500,000 tons     |
| Number of engineering feats destroyed..... | 1,500              |
| Approximate expense .....                  | 260,000,000 francs |

## 2. INDUSTRIAL DAMAGES:

*Material. Buildings. Raw Materials. Manufactured Products.*  
*Failure to Profit.*

*Kind of Industries Affected. Total Estimate of Damages.*

COMBING (1500 units)..... 3,186,480,000 francs

*Cotton Mills:*

|                        |                    |
|------------------------|--------------------|
| Combed Wool .....      | 2,386,000 spindles |
| Carded Wool .....      | 400,000 spindles   |
| Cotton .....           | 3,000,000 spindles |
| Flax, hemp, jute ..... | 500,000 spindles   |

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12,356,280,000 francs

## WEAVING:

|                                   |                      |
|-----------------------------------|----------------------|
| Wool .....                        | 36,000 looms         |
| Cotton .....                      | 14,500 looms         |
| Linen .....                       | 19,700 looms         |
| Tulles, laces, embroideries ..... | 1,500 looms          |
| Total .....                       | 5,956,160,000 francs |

## COAL MINES:

For 22-millions of tons extracted and for  
 re-establishment of excavation works .....4,254,400,000 francs

## PRODUCTION AND DISTRIBUTION OF ELECTRIC POWER:

Material, Lines and Accessories..... 565,560,000 francs

*Kinds of Industrials Affected.*

*Total Estimate of Damages.*

IRON MINES:

*Francs*

|   |                |
|---|----------------|
| For 18,000,000,000 tons extracted and for re-establishment of excavation works about..... | 500,000,000    |
| Metallurgy of Iron and rough metallurgy.....  | 11,085,840,000 |
| Mechanical construction and electric power.....   | 3,731,000,000  |
| Sail metallurgy .....   | 2,587,580,000  |
| Breweries (1,700 establishments).....   | 616,260,000    |
| Sugar refineries .....  | 1,032,920,000  |
| Distilleries, agricultural establishments .....   | 761,640,000    |
| Oil plants, 110 establishments, production 90,000 tons .....                              | 218,450,000    |
| Tan-yard curriers' shops .....  | 174,920,000    |
| Dying establishments, bleaching establishments.....                                       |                |
| and stiff starching establishments .....  | 475,940,000    |
| Chemicals and industrial products .....   | 4,451,350,000  |
| Mirror and glassware factories .....  | 430,060,000    |
| Extractive industries (4 million tons).....   | 84,840,000     |
| Tramways (393 miles) .....  | 132,730,000    |
| Flour mills .....   | 422,140,000    |
| Total .....   | 53,100,670,000 |

3. POPULATION AFFECTED BY WAR EVENTS:

Communes occupied by the enemy or evacuated .....

4,023

Total population of ten stricken "Departments" .....

4,987,922 inhabitants

DAMAGES AFFECTING FARMING:

Area of farming lands damaged by the war.....

1,800,000 ha.

Losses in farming implements .....

362,000 app.

Losses in vehicles, working stock .....

104,000 app.

LOSSES IN CATTLE, HORSES:

*Heads.*

Oxen .....

705,000

Sheep .....

678,000

Goats .....

13,000

Pigs .....

225,000

Asses and mules .....

3,000

Horses .....

268,000

## 5. DAMAGES AFFECTING REAL ESTATE PROPERTY:

| Departments.  | Number of the prop-<br>erties existing be-<br>fore the war. | Properties affected,<br>percentage. | Properties completely<br>destroyed. | Properties partially<br>destroyed. | Property for public<br>use affected. | Factories and indus-<br>trial establishments<br>affected. | Historical monuments<br>affected. |
|---------------|---|-------------------------------------|-------------------------------------|------------------------------------|--------------------------------------|---|-----------------------------------|
| Nord .....    | 413,440   | 35%                                 | 52,817                              | 93,252                             |                                      |   |                                   |
| P. de C. .... | 174,604   | 55                                  | 66,253                              | 29,360                             | 1,211                                | 404   | 110                               |
| Somme .....   | 94,175  | 62                                  | 41,004                              | 17,831                             | 1,119                                | 207   |                                   |
| Oise .....    | 54,380  | 35                                  | 9,514                               | 9,309                              | 466                                  | 96  |                                   |
| Aisne .....   | 144,628   | 69                                  | 50,888                              | 48,946                             | 2,755                                | 734   | 60                                |
| Ardenne ..... | 76,844  | 36%                                 | 9,578                               | 17,562                             | 492                                  |   |                                   |
| Marne .....   | 83,309  | 61                                  | 31,759                              | 19,087                             | 1,355                                | 296   | 51                                |
| Meuse .....   | 53,336  | 68                                  | 23,830                              | 12,202                             |                                      |   |                                   |
| M. & M. ....  | 77,863  | 31                                  | 10,235                              | 13,915                             | 719                                  | 126   |                                   |
| Vosges .....  | 23,075  | 19                                  | 2,928                               | 4,227                              | 113                                  | 48  | 4                                 |
| Totals .....  | 1,195,654   | 47%                                 | 298,806                             | 265,691                            | 8,230                                | 1,911   | 225                               |
|               |   | average                             |                                     |                                    |                                      |   |                                   |

The preceding figures may give you a pretty accurate idea of the work with which France was confronted at the time when it was possible for her to count her wounds and measure their extent.

However tremendous was such an amount of work to be done, however far exceeding the resources in labor and supplies of France it may have seemed at first sight, France was not discouraged at it, and immediately set to work, without complaining and without, as it has falsely been said, waiting for any help from outside.

The best evidence of this affirmation will be given to you by a new set of figures, which will show you the extent of the efforts that have already been made by France to help herself and get out of her troubles by any means she possessed offhand.

Those figures, as you will appreciate, I have no doubt, have the fullest significance, and will enable you to realize, at the same time, as well the extent of the work that remains to be done, as the results obtained so far by France alone in the way of getting on her feet again.



1. PUBLIC WORKS:

(a) Railroads

|  |  |
|--|--|
| Number of miles remaining to be reconstructed when armistice was signed. | { Double tracks 820 m.<br>Single tracks 400 m. |
| Number of miles reconstructed so far                                     | { Double track 720 m.<br>Single track 370 m.   |
| Number of miles remaining to be constructed, still unserviceable .....   | 150 m.   |
| Number of stations still closed to traffic.....                          | 46   |
| Engineering feats still to be reconstructed.....                         | 1 160  |
| Engineering feats actually reconstructed.....                            | 588  |
| Telephone and Telegraph lines destroyed.....                             | 1 730 m.                                       |

*Local Railway Lines and Tramways:*

|   |        |
|---|--------|
| Mileage of lines destroyed or out of service..... | 850 m. |
|---|--------|

(b) WATERWAYS:

|  |        |
|--|--------|
| Number of miles to be re-established at the Armistice .. | 580 m. |
| Number of miles re-established.....                      | 375 m. |

2. AGRICULTURE:

|   |               |
|---|---------------|
| Total area of the invaded territory.....            | 3,200,000 H.  |
| Total area of farming land.....                     | 1,800,000 H.  |
| Total area of land rendered to cultivation.....     | 400,000 H.    |
| Losses in oxen and horses (900,000 & 300,000).....  | 1,200,000 H.  |
| Replacements already made.....                      | 200,000 H.    |
| Losses in farming implements.....                   | 262,000 hp.   |
| Replacements already made.....                      | 200,000 hp.   |
| Losses in vehicles and rolling stock.....           | 104,000 hp.   |
| Replacements already made.....                      | 16,000 hp.    |
| Tractors for farming motor implements in service... | 2,400         |
| Seeds delivered in Spring, 1919.....                | 572,574 quint |
| Seeds estimated for Fall, 1919.....                 | 328,000 quint |
| Fertilizers delivered in Spring, 1919.....          | 93,945 quint  |
| Fertilizers estimated for Autumn, 1919.....         | 644,520 quint |

3. BUILDING HOUSES:

|  |         |
|--|---------|
| Total of houses destroyed or damaged by the war.....                     | 550,000 |
| Houses temporarily repaired.....   | 80,000  |
| Constructions semi-temporarily.....                                      | 23,600  |
| Barracks already fixed.....  | 16,225  |
| Temporary barracks and houses in course of construction or in order..... | 60,000  |

*Material delivered:*

|  |                              |
|--|------------------------------|
| Bricks .....                               | 150,000,000                  |
| Bituminous paper (February-Aug.-ust) ..... | 15 millions of square metres |
| Transparent product .....                  | 4 millions of square metres  |

## 4. LANDS:

|  |                         |
|--|-------------------------|
| Area of lands covered by barbed wire,<br>removed ..... | 98,800,000 sq. metres   |
| Area of lands cleared out of projectiles...            | 2,194,000               |
| Number of cubic metres filled into<br>trenches .....   | 54,000,000 cubic metres |
| Number of wells cleaned .....                          | 17,507                  |

TRANSPORTS TAKEN IN CHARGE BY MINISTRY OF DEVASTATED  
REGION:

|  |                |
|--|----------------|
| Material used .....                            | 10,000 trucks  |
|  | 4,000 trucks   |
| Tonnage handled weekly by kilometres.....      | 1,700,000 tons |
| Number of narrow gauge railroads exhibited.... | 760 miles      |
| Kilometre tonnage weekly .....                 | 130,000 tons   |

## RECOVERY OF LOCALITIES:

|   |       |
|---|-------|
| Number of communities occupied by the enemy evacuated ..... | 4,023 |
| Number of communities back to civil life.....               | 3,872 |
| Number of public schools before the war.....                | 4,583 |
| Number of public schools opened on August 31st.....         | 3,000 |

ADVANCES COVERING WAR LOSSES.  
(Made by the French Government).

## Principal objects:

- Advances made to people as indemnities for war damages
- Advances for immediate reconstruction.
- Advances for furniture.
- Advances for agriculturists
- Advances to working men and small merchants, etc.
- Amount of advances to these different headings from January 1st to September 1st, 1919, 1,500,000,000 francs.

This is, gentlemen, what France has already done in the way of reconstruction during the first eight months of 1919. If you will take into account the bulk of material and supplies of all sorts that was to be transported for that work from every part of France, on a railway system which had already been under the most tremendous pressure during the war, and to which another enormous effort was imposed for the transportation of demobilized troops, you shall realize the immensity of the task which has already been performed.

During the six months period from April 1st to September 30, 1919, the whole military transportation, operated on the French railway lines, as well for the American as for the French army, necessitated the running of about 30,000 trains of fifty cars each.

Our railway system, having now done with such additional burdens, will be more able to meet the requirements for the reconstruction.

I come now to a new part of this statement, to which we could give as a headline:

#### WHAT KIND OF HELP CAN BE GIVEN TO FRANCE FOR HER RECONSTRUCTION WORK?

Here, gentlemen, I reach a most difficult part of my task. I shall try my best to tell you definitely which are the requirements of France from other countries, and particularly from America, for reconstruction purposes, but you must realize that France has been divided, for statistics, into two zones: the devastated one and the other regions, and that figures can only be approximately given.

However, from my first conversation with some of the gentlemen in this committee, in which they were kind enough to state before me, with a great frankness, and in a perfect spirit of coöperation, what they expected me to explain to you, I have come under the impression that any information I should be able to give would be welcomed by you.

In studying our needs for reconstruction, we must bear in mind that, under actual economic conditions, and in view of the exchange market, it seems that it is absolutely imperative that France should bend all her energies to increase her production and restrict her importations to the articles which she cannot procure at home or in countries where the exchange works in her favor. By so doing, she will protect not only her own interest, but the interests of her creditors.

From this point of view, our situation may be summed up as follows:

France should obtain from importing manufactured articles, and import only the necessary raw materials to feed her production. The country helping us to get the needed raw materials will directly contribute to our work of reconstruction, as it will allow us to give work to our existing industries in the whole country, and to produce



most of the necessary articles needed for the preparation of our devastated regions.

In our opinion, the problem of setting in motion our production outside of the devastated regions, and the problem of restoring the devastated regions are but one and the same problem.

We will see, passing in review our direct needs for reconstruction that they can nearly all be met by our resources, provided that, on the other hand, we will receive the raw materials necessary to restart and develop our production in the rest of the country.

In fact, the four factors of the reconstruction work are: labor, materials, transportation, and finally, organization and execution; that is to say, engineering and supervision.

We shall review successively those four factors, and try to get an idea about the help America could lend us:

#### *A. Labor:*

I think that we may, without any hesitation, state that America, a country already suffering from the scarcity of labor and paying very high wages to workmen, is not in a position to lend us any assistance in this matter.

#### *B. Materials:*

The principal materials which are needed for the reconstruction, are, roughly enumerated, as follows: Lumber, concrete, lime and cement, glass and other similar products, stones, bricks and tiles, slates, frame work, machinery, agricultural machinery, textile machinery, leather or cotton belting, hardware.

#### *A. Lumber:*

We were already importers of lumber before the war, for about 1,230,000 tons. During the war, the enormous military requirements to which France had to satisfy with her own resources, have resulted in the clearing of trees of important areas.

Owing to these facts, the so far made estimates provide that in the next few years, France will have to import a minimum of three to four millions of cubic metres of lumber per year.

We hope to be able to get from our African colonies, in which the resources in lumber are enormous, the greater part of our requirements.

If there is any deficit to meet, Sweden, Norway and even Bohemia, can send us the surplus, without counting Ger-

many, who can very well pay a part of its indemnity by shipments of lumber.

*B. Concrete—Lime—Cement:*

There is, very likely, no help to be asked for, by France, for such materials. The production before the war was in general sufficient for the consumption, and a margin was even left for exportation of cement. The demand will certainly be much greater in France now than it was before the war, but all the developments of production necessary to match the requirements are under way.

*C. Glass and Similar Products:*

The production in France before the war far exceeding the local consumption, and a very important surplus was left for export trade.

We are, it is true, deprived of a part of our production by the destruction of an important number of our plants in the North of France, but, if for some time, we are compelled to import glass, we shall certainly find, in Belgium, any quantity of glass that we may happen to need.

*D. Stones, Bricks and Tiles, Slates:*

For all that line of materials the estimation already made by exports provide equally that, however, important the demand may be, the resources of France, properly utilized, will be sufficient.

*E. Steel Frame Work:*

Restoration of Alsace Lorraine, whose iron and steel industry was specialized in the production of commercial steel, notably frame, gives us very important supply of this material, not only sufficient for our present needs, but leaving a substantial surplus for the export trade.

*F. Machinery:*

In France, which are the machine tools of national production that can compete with the imported machines?

In the first place, we mention the engine lathes, which, with the exception of a few tool-room lathes, types of Hendey Norton, Rivett or special relieving machines, for instance, are manufactured under good conditions. We estimate that the total quantity necessary can be produced by France in a proportion of from 3 to 4 and can be introduced in a proportion of from 1 to 4.

For the sensitive, ordinary, radical or special drilling machines, one must estimate that France can produce

approximately a fourth of the necessary quantity, a half at the utmost.

In order to give a general idea of the requirements in machine tools for our country, and the means wherewith to satisfy them, the French Mission has drawn a schedule indicating:

1. The designation of the machines.
2. The total quantity necessary for a period of approximately 12 to 18 months.
3. The proportion which can be found in France, or imported.
4. The approximate corresponding value in francs.

I have only one English copy of it, which I shall with pleasure lend to one of you, and which you could have copied.

In conclusion, it results from this study, that France must produce, within 18 months, approximately 16,520 machine-tools for an approximate value of 198,503,000 francs, that it is indispensable to import approximately 37,454 machine tools for an approximate value of 251,367,000 francs.

As concerns small tools, one can estimate that in France, it is possible to produce a half of the necessary tools and to import the other half.

#### *G. Agricultural Machinery:*

According to information we have, machinery for motor farming is very little required by France, and it is estimated, that the French production, to which may be added the great bulk of machinery already introduced in France during the war will be sufficient in quantity for our needs.

On the contrary, some more accessory and harvesting machinery, reapers, binders, thrashing machines, etc., may be still bought in America in the near future, though the total amount does not run into figures.

#### *H. Hardware:*

There does not seem to be any need of importing hardware in large quantities, very considerable numbers of workshops having started during the war to the effect of manufacturing war material, tanks for machines, artillery trucks, etc., whose activities have now been diverted to the manufacture of hardware.

#### *I. Special Machinery for Textile Industries:*

As it has been stated in the Textile Committee, our



industry in the North of France, has been partially put out of service and robbed of its machinery. But an important part of the stolen material has already been brought back from Germany, and the plants have been put into operation again.

However, all the machinery employed in France during the war, has greatly suffered from an intensive use, and wants overhauling and even partial replacement.

As far as the cotton industry is concerned, I am able to give you some figures that will indicate what will be our approximate needs in looms and spindles in the next few years.

I know for certain that it would be exceedingly interesting for the French textile industry, not only of cotton, but of wool and linen, to find in America a part of the looms and spindles it will require.

Before the war, there was in France a total of about 140,000 cotton looms. The return to France of Alsace Lorraine, will increase this number by about 45,000 looms, which gives a grand total of about 185,000 looms.

We shall be near the truth by saying, that in the next few years, we may require yearly, about 20,000 new looms, that is to say, a little more than 10% to keep our cotton machinery in good working condition.

The number of cotton spindles before the war was about 1,250,000. Alsace Lorraine will give us almost 2,000,000 more spindles. The total of our spindles will be more than 9,000,000, for which the same proportion of replacements shall be necessary.

For the wool industry, the number of our spindles was, before the war, 2,600,000. One hundred thousand more spindles have been put into operation and Alsace Lorraine brings back to us 500,000 spindles. The total number of our wool spindles will consequently reach 3,200,000 for the necessary replacement of which we shall equally be glad to count upon American deliveries.

### *C. Transportation:*

This question, which is being taken in the Shipping Committee, is a very serious one. I have already stated in the first part of the present study, the tremendous pressure which has been, during the last five years, and especially during the last six months, put upon the railroad system of France.

This system is not yet working in a normal manner. But, a great improvement has already been effected, and,

it is expected, that the situation will be normal at the end of the present year.

The rolling stock recuperation from Germany, as well as the American engines and cars bought by the French government from your stock in France, are sufficient for our needs. On the other hand, our stock of rails and ties are numerous enough.

What we need is to reorganize on a normal basis a traffic system disturbed by the necessities of war. As far as the rebuilding of roads is concerned, which means a very considerable work, we have the necessary raw materials and machinery.

#### *D. Engineering Work:*

There remains to be considered the general organization of the work, and, particularly the engineering construction work.

There, gentlemen, I suppose that your co-operation could be of a very high value.

You know much more about construction engineering than anyone else. Your engineers have become masters in the way of building, in the shortest possible time, complete towns and villages.

I feel pretty sure that your collaboration in that line, would be a very useful one. I am not speaking here in any official capacity as you well know, but I express a personal opinion shared by many of my friends.

I feel too much myself about Franco-American co-operation, in which I have been engaged so completely during the war, to have any doubts upon the results which that new co-operation could obtain, and, I think, it would be a splendid culmination of our joined effort if your engineers would come and help in rendering to life those territories for the freedom and the soil of which your soldiers have fought side by side and heart by heart with ours.

### MEETING.

WEDNESDAY, OCTOBER 22, AT 10 A. M.

#### GREAT BRITAIN.

The British Committee, represented by Mr. Marshall Stevens, as Chairman; Sir Arthur Shirley Benn, Sir James Hope Simpson, C. B. Carryer and Lieut. A. S. Jar-

ratt, Assistant Secretary, were received by the Reconstruction Supplies Committee.

The following members being present:

E. W. RICE, JR., Chairman.  
GEORGE A. O'REILLY, Vice-Chairman and Secretary.  
WM. D. SOUTHWICK, Assistant Secretary.  
MAJOR W. H. CHAMBERLIN, Assistant Secretary.  
BRANTINGHAM, C. S.  
BURTON, J. H.  
BUSH, A. R.  
CORNELL, C. L.  
DOAN, J. B.  
DURYEA, DR. J. T.  
GOODMAN, CHARLES A.  
HILDRETH, CHARLES E.  
HOWARD, C. C.  
MASON, STEVEN C.  
RANNEY, GEORGE A.  
SALMON, W. W.  
STEWART, HAMILTON.

The British Commission, opened the discussion in a statement to the effect that they were seeking no favors and that their own reconstruction problems were being solved without outside aid. They have come primarily to co-operate with the United States in helping to re-establish those nations seriously impaired because of the war.

One of their own immediate problems is the housing of their own people, who have been assured by the Government, that on return of the men everything that could be done for their welfare would be effected. England is now considering the utilizing of the wooden huts used during the war in face of prejudice against this type of house prior to the war. Legislation prevents profiteering in rents. England is probably suffering more in respect to a shortage of housing than any other nation involved in the war.

In providing for the devastated areas only those supplies actually needed should be afforded. Luxuries and non-essentials should be eliminated. In order to develop uplift and improve social conditions, an effort should be made to provide better living conditions than prevailed before the war. In view of the fact, that the United States is more familiar with quickly constructed houses than other nations, that phase of the subject is one America should especially undertake to solve.



England is short of transportation, which includes locomotives, etc., and there is an urgent need for up-to-date means of dealing with transportation. Solving this question is a problem with which they are very much concerned at present. The financial question is more pertinent with England than the subject of reconstruction.

Sir Arthur Shirley Benn, in reviewing the above, stated that while 400,000 houses were short, and should have been built within the period of the war, they were confronted now with a possibility of only 80,000 buildings per year; this, because of the lack of the trained labor required in providing larger numbers of houses.

England and the United States, apparently, are doing all that is possible to prevent further inflation of prices.

Sir James Hope Simpson stated that the supply of raw material in England is ample; that they have large stocks which, when developed into finished products, will favorably affect the rate of exchange between England and America.

The Commission emphasized the fact that England, because of her extensive financing of the other Allies before America entered the war, is disposed at present to work toward the payment of her own obligations, instead of assuming others by extending long-term credits to her friends on the continent—the question of financing the long-term requirements of reconstruction in the devastated areas is in a large measure up to the United States.

Considerable discussion was devoted to the question of risk to be assumed in financing reconstruction requirements. A rather sharp distinction was drawn between the risks which could be assumed by business men, and those which should be assumed by government. Reference was made to political risk in the more newly established countries of Europe, and to the propriety of having this risk assumed by governments, instead of by business men. The question of exchange risk also was discussed.

Long credits will be essential to the conduct of business with countries affected by the war. In Poland, food and cotton are essential. The mills of Poland are ready to resume operations as soon as raw cotton can be supplied. This will furnish labor for many idle people, and will serve to stabilize conditions. In all devastated countries, tools and agricultural machinery are the requirements. Particularly does this apply to South Russia.

Shipments have already been made to these territories, and in several cases the principle of barter of commodities was applied directly with good results. Summed up, the essential is a supply of sufficient raw materials, and the means with which to reproduce the necessities. This is a work of humanity and will serve to stabilize political conditions.

The British Commission stated that these supplies from impoverished countries could be better supplied and financed by America than by any other country, and that an American Commission might find it advisable to be on the spot in European countries to approve such shipments as were brought in, to arrange the securities, and to eliminate the requisitioning of unnecessary luxuries.

The Commission was anxious to have the Committee on Reconstruction and Supplies know that these remarks and suggestions were purely of a sympathetic and co-operative nature; that they were not presuming to tell us what we should do, and that it was, of course, our privilege to determine just how far we should go.

## MEETING.

OCTOBER 20, 2:15 P. M.

## BELGIUM.

The Belgian Committee, represented by M. Canon Le-grand, M. Neve, M. Van den Ven, were received by the Reconstruction Supplies Committee.

The following members being present:

BABB, MAX W.  
BURTON, J. H.  
BUSH, A. R.  
HITCHCOCK, C. U.  
FILENE, ED. A.  
CORNELL, C. L.  
DOAN, J. B.  
FLETCHER, ANDREW.  
GOODMAN, CHARLES A.  
RANNEY, GEORGE A.  
SALMON, W. W.  
STEWART, HAMILTON.

The Chairman, Mr. Rice, of the General Electric Com-

pany, requested that the Belgian Commission state its views as to requirements of Belgium for reconstruction supplies.

A general discussion on the part of members of both committees followed, of which the following is a general outline:

M. Canon-Legrand advised that steel works, metal works, and similar industries, were in need of general equipment. There is some interest at the present time in fuel oil.

They have used large quantities of coking coal, which was originally secured from Germany, in addition to their own output.

Mr. Andrew Fletcher, President, The American Locomotive Company, advised at this point, that contracts had been let at the present time for some twenty or more oil tankers for Belgian trade.

M. Canon-Legrand stated that iron was not required. Other metals—tin, lead, etc.—while of interest, were not necessary.

M. Canon-Legrand advised that machine tools were of vital interest to Belgium at the present time. He stated, that his factories had been completely stripped of such equipment, and had been used by the Germans for their own purposes, prior to the time they evacuated, at which time, as above, they took with them all equipment. He further stated, that some two thousand machines of the above character had been ordered from the United States Government; that selection of the various types had been completed, and that he had had a 'phone message from Washington, to the effect, that they were ready to ship as soon as transportation could be had.

M. Canon-Legrand dealt especially on the higher prices of machinery as quoted by the United States and England, which he regretted very much had necessitated purchasing from Germany at much lower prices. He stated, that the Germans were soliciting their business every day. He said that the Germans, having made a complete chart of all plants in Belgium, had a thorough knowledge of what machines were there, and, in the course of the war, used them as required, and this information, of course, is now of considerable value to them. As above, however, the prices in England and the United States, were two or three times higher. The Germans are delivering the above tools new, and at the same price as quoted before the war. Exchange which, together with



excessive freight rates, makes the prospect of business with us, as much as he regrets it, exceedingly doubtful.

M. Canon-Legrand expressed the gratitude of Belgium for what has been done by the United States, especially in connection with the food supplies we had afforded them during the four years of the war.

Mr. Fletcher, of the American Locomotive Works, explained to M. Neve, who had remarked that locomotives and railway equipment were badly needed, his recent proposal to Belgian Government, for 400 locomotives. This contract, Mr. Fletcher stated, would probably be completed in the immediate future. He also advised, that he and other American manufacturers were in a position to supply such locomotives as were required on very short delivery. It was stated, that recent advice tended to prove that the Belgian Government would pay cash, which would indicate that arrangements from other sources had been completed.

M. Canon-Legrand stated that the French locomotives they had secured, were both passenger and freight. There is a greater demand for freight locomotives than the passenger type.

Timber, wood, lumber and similar material, under this heading, were badly needed. Their supply previously and at present has been coming from Sweden.

Mr. Burton of J. H. Burton & Company, New York, afforded information relative to railroad ties as needed by Belgium. These pine ties cost \$2.00 each in America, and with a freight rate of approximately \$2.00 per tie, made the price 25% higher than a first class oak tie could be had in Belgium. These oak ties are secured from the Belgian and French Ardennes.

Belting is not required at present. This industry has been rapidly renewed, and they now have a sufficiency. However, leather in general is required.

In answer to a direct question as to what were the essential needs at present, M. Canon-Legrand advised that coking coal, oil and locomotives were primary.

Glass factories are getting under way, and they are, in fact, in position to export certain products under this heading.

Prior to the war, Belgium had some twenty-five hundred coke ovens in actual operation. At present, less than seven hundred are operating.

The railway locomotives secured from Germany were not in good condition. They also received a great many

railroad cars from Germany, so that their equipment, in that respect, is not short. In their own manufacturing they have always produced more cars than locomotives.

M. Canon-Legrand is a manufacturer of steel and wood cars.

Steel cables for mines and similar purposes are required. Belgium secured twenty-nine thousand (29,000) kilometers of salvaged wire from England, which had been captured from the Germans. This wire was supposed to have been copper. As a matter of fact, it was a substitute; it was steel wire coated with copper.

The Belgian railroads are all owned by the Government.

Paper cutters and some printing machinery are needed, according to Mr. Neve. Copper fire boxes for locomotives and copper for other purposes are required. At this point, it was suggested to Mr. Fletcher, that the locomotives he is supplying be equipped with some of these boxes as spare parts.

Asbestos products are not particularly needed. They are using a substitute for asbestos, which seems to afford satisfaction at probably less cost.

Concrete mixers are required in connection with reconstruction work.

At this point, Mr. Stewart, Vice-President of the Harbison Walker Refractories Co., asked if any arrangement had been made in Belgium for the receipt of such information as this convention might develop along the line of "Sources of Supplies." It was stated, that the present Committee on Permanent Organization, is effecting a plan to handle this subject.

M. Canon-Legrand asked Mr. Fletcher, of the American Locomotive Works, for books of instruction on the construction of locomotives, etc. Mr. Fletcher has arranged to supply these. Requests were also made for data on the subject of progress in aviation. It was suggested, that the War Department be put in touch with this inquiry, and that what information can be had be supplied to Mr. Canon-Legrand, whose card is attached herewith.

M. Neve advised that great quantities of castings for rolling mill machinery were used, and that previously much of it may be shipped as ballast, and that perhaps connections of this character might be made here. A member of the Committee, suggested the United Engineering & Foundry Company, of Pittsburgh, as a source of information relative to the subject.

In answer to inquiries, M. Canon-Legrand advised that



labor usually worked eight hours, and that very little overtime was ever employed. He stated, that there had been no lack in efficiency since the war, but that the labor question was largely dictated by the syndicate, which compares with our American Federation of Labor here. A fifty-hour week prevails. Wages have been increased four times as much as before the war, and that prior to the war a ten-hour day was the rule.

M. Canon-Legrand stated that five years ago the Belgian State Railway employes were equally as efficient at three (3) francs per day, as they are now at twelve (12) francs. M. Canon-Legrand's employees in his several plants five years ago, were receiving forty (40) centimes per hour; today, they are receiving fl.30 per hour.

M. Neve advised that Belgium is interested in labor-saving machinery, particularly now that the old tendency to use men for ordinary purposes—for instance, wheeling ashes from ash pits and other forms of common labor, at a low wage—is out of the question. The low price man, in other words, cannot be found.

There is some piece-work, but the syndicate endeavors to direct that pay also be governed on the basis of the age of the employee.

### REPORT OF COMMITTEE.

The Committee has tried to stay on its own side of the road, and to avoid intrusion upon the prerogatives of other committees assigned to the treatment of other subjects; but we have not found it altogether easy to carry out that good intention. The subject of reconstruction supplies is such an exceedingly broad one, and is so intimately related to other subjects not included in our function that with the best of intentions on our part, we frequently found ourselves wandering considerably from our assignment, and talking about shipping or steel or oil, or finance and credit, perhaps particularly finance and credit, but, however, we believe with great benefit to our own purposes and, we hope, without danger to the purposes of the several committees whose duty it was to handle these subjects.

The spirit of our sessions has been splendid. At no time, and at no point in our discussions has there appeared anything which might suggest the idea of a contest. We got together in a spirit which, indeed, if I might depart just a little bit from my report and gener-



alize, seems to express a great deal of the best part of the spirit that was developed during the war, that spirit that in war-time brought the military leaders of the different nations together in perfect unity for the purpose of developing campaigns of war in a common cause, and which now brings other and equally great leaders of these nations together again in a spirit of perfect unity, and again to prepare a campaign in the interest of a common cause, not so war-like as the other, but, I am quite sure, not less serious.

Our methods of operation were simple and rather direct. In a very friendly sense of the term, we were largely from the great state of Missouri, and I am glad to say that our guests seemed to get the idea, and "showed us." Their equipment of facts and figures was splendid, and they not only seemed to know what we were driving at, and what we wished to get, but they seemed to be able to meet us all, even the most technical of our members, quite upon our own ground, and then some.

A more detailed report upon the development of our committee has been filed with the headquarters of the Chamber and will, in time, I assume, be ready for more general distribution. In our operations, we tried to find out these things, first, what are the reconstruction supply needs of these countries, what portion of these needs or what things required did they expect us to provide, and in what quantities, and at what rate of deliveries. Then, we reversed the operation and tried to find out what they were able to produce within a reasonable time which they could sell to us, with a natural desirable effect upon the exchange difficulty, of which everybody seems to be so keenly conscious, and which has been referred to constantly in the deliberations of our committee. Then, naturally, we discussed with them their most urgent reconstruction problems and tried to find out what it was that we could do in the way of providing advice or assistance or expert aid, which might simplify the solution of these problems, and in this particular I am glad to be able to report that very substantial progress seems to have been made.

Taking up the countries in the order in which we met these committees, and confining the report to the more important needs which were expressed, we found about as follows:

## BELGIUM.

Belgium needs from us, and principally, first of all, money; then cars, tools, heavy machinery, coal, coke, oil, mining machinery, railroad engines and lumber, and a number of other things, of course, but these are the outstanding needs which came to us as the result of our total deliberations with them. Another point which impressed us very much, and which seemed to impress them very much was this. They state that because of the unfavorable condition of exchange as between them and us, and because of our comparatively high prices, and because, also of the slowness with which our deliveries can be made they find that in all probability they will be obliged to buy in Germany a great many goods which they would much prefer to buy from us. They told us and have convinced us conclusively, that the work of reconstruction in Belgium is going on rapidly, and that even now very substantial progress has been made. Two railroad maps in particular, which they showed us, were most impressive, one indicating the condition of destruction as referred to railroads existing in Belgium at the time of the signing of the armistice. The destroyed railroads were marked in red, and it was a pretty red map. The second, indicated the present condition, and it looked to use like nothing but a steady diet of miracles operating since the signing of the armistice, and now could have eliminated so much of the red from that particular map. They told us that the labor conditions in Belgium, while not entirely satisfactory, are improving at a very gratifying rate, that the laborers had gone back to their work, or are going back in a very gratifying number. Of course, they have labor troubles, as we have. Over there, they call it labor syndicates. Here, we call it by another name, but it amounts to the same thing. They told us that their day of labor, because of the pressure applied by these syndicates has been reduced to eight hours, but they told us also, which impressed us as very important, that the unit efficiency of labor is quite up to the pre-war standard.

## ITALY.

Italy's reconstruction problem is principally, and naturally, an agricultural one. This is due to the fact that something like 90 per cent. of the population is engaged



in agriculture. They need agricultural machinery in considerable quantities, also machinery for draining and trench or ditch digging, which will enable them to operate with speed and efficiency. On this point, we were able, we believe, to give them some valuable suggestions and to direct them to a number of concerns in this country which have made extraordinary progress in the development of machinery of this kind.

Italy also needs assistance on a rather extensive scale in rebuilding of their fisheries industry, great numbers of their fishing boats having been destroyed, which has been the fate also of fishing tackle, nets, etc. The problem of housing their population was described as very great, and they stress the importance of the employment of American expedients, and incidentally, assistance from us in the use of machinery which can be utilized in quick the erection of standard houses. They referred particularly to the employment of what I believe we know as a cement cone. It is a little bit vague in my mind just what that is, but they seem to know all about, and here again we were able to direct them to original sources of information upon these matters.

They need also oil, coal and a wide variety of lines of supplies, and the United States should be able to play an important part. They referred also to their needs in the matter of improvement of harbors.

In general, their needs for our goods are very considerable, and not the least of them is their need of money.

#### ENGLAND.

When we came to England we found that in the matter of reconstruction supplies they have no problem which they are not quite able to solve for themselves. They stated very frankly that they came requesting no assistance, but they certainly came in a thorough spirit of helpfulness.

Their discussions with us upon labor conditions in England and more generally upon those existing on the European Continent were most illuminating. They left us with a rather definite expression to the effect that while the labor situation in Europe generally is quite serious, it can be handled; the problem can be solved. They have radicals there, as we have here, but, as one of the members of the British Committee stated, it is almost beyond doubt, and they referred particularly to England



and also included some of the continental countries, that these radical tendencies will in time yield to the recognized power of law and order. - I am quoting directly from what they told me.

Reference was also made, and quite naturally made by them, to the general problem of financing the requirements of the more seriously war injured of the European countries, and also to the exceedingly important part which the United States also naturally must play in the solution of this problem. They called our attention to the fact that up to the time we entered the war they had borne the financial burden and that now their greatest interest naturally concerned putting themselves in such a condition as to be able to meet their own obligations rather than, without very good cause, adding to that list of obligations.

#### FRANCE.

The French Committee on Reconstruction Supplies submitted a particularly complete report upon their situation, which report is in the possession of the Chamber and I am sure that you will find it interesting and of great assistance in this general reconstruction problem. This report presented an interesting and surprising statement of the reconstruction work which already has taken place in France, and tended to show that unemployment is diminishing rapidly, that agricultural reconstruction has progressed substantially and that the people of the country are going back to work in a gratifying manner, that transportation facilities, such as the railroads and canals, destroyed during the war are rapidly approaching their pre-war condition; that immense new public works, transportation, drainage, harbors, etc., are being projected and, in general, the French situation as regards industry and commerce is far and away in advance of what is rather generally believed in this country to be the case, and they had facts and figures and statistics and that sort of thing upon which to base their statements.

The French particularly emphasized the importance of their proceeding along reconstruction lines which will recognize sound economic principles. They, among other things, and quite naturally, propose to buy where the conditions for buying are most favorable, and to sell where they can do so with the greatest benefit to France. Their discussion upon these points was most interesting,

and they treat this subject in more full detail in the more complete report in the possession of the Chamber. They indicated an astonishing—I do not know whether it should be astonishing, but we have heard so much on the other side that it did surprise us a little—they had at least a surprising disposition to solve their own problems. They spoke of the immense supplies of wheat and other commodities to be found in the French Colonies and which could be transported to France in ships, and they seemed to have made a most thorough study of the situation, and to have some very well worked out theories as to the extent which they can afford under existing conditions of exchange, high prices, etc., to purchase their goods from us.

They need, as do Belgium and Italy, money, lumber, machinery, automatic car couplers and railroad signal systems and other improvements in their transportation situation and other lines rather distinctly American, which may be used in more completely modernizing their transportation situation; but at every point they impressed upon us the extreme difficulty they would encounter in buying these things from us.

We are sorry that we did not have more time to confer with these gentlemen. We feel we made progress. We found our meetings were delightful and we hope the work that was started in our committee will continue in the future.

E. W. RICE, *Chairman.*

## COMMITTEES ON SHIPPING.

### BELGIUM.

M. DE GROOTE.  
M. CANON-LEGRAND.  
M. NEVE.

### FRANCE.

M. DE PELLERIN DE LA TOUCHE.  
M. PARMENTIER.  
M. BARON DU MARAIS.  
M. ANDRE HOMBERG.  
M. LOIZEAU.  
M. MAURICE BOYER.  
M. POTIN.

## GREAT BRITAIN.

SIR ARTHUR SHIRLEY BENN.  
SIR JAMES HOPE SIMPSON.  
MR. MARSHALL STEVENS.  
HON. J. G. JENKINS.  
BAILIE JOHN KING.  
MR. FRANK MOORE.

## ITALY.

B. ATTOLICO.  
L. LUIGGI.  
P. G. LAZZERINI.  
F. QUATTRONE.  
A. PALANCA.  
L. SOLARI.  
SIG. PFISTER.  
SIG. DI GIORGIO.  
A. T. BARBERINI.

## AMERICA.

P. A. S. FRANKLIN, Chairman;  
President, Mercantile Marine Co., New York City.  
N. SUMNER MYRICK, Vice-Chairman and Secretary.  
Mills Building, Washington, D. C.  
C. W. STOWELL, Assistant Secretary,  
Chamber of Commerce of the United States, Woolworth Building,  
New York City.  
ACKERSON, J. L., Vice-President. United States Emergency Fleet  
Corporation, Philadelphia, Pa.  
BURLING, EDWARD B., Union Trust Bldg., Washington, D. C.  
CHUBB, HENDON, Chubb & Son, New York City.  
DAY, CHARLES A., Day & Zimmerman, Philadelphia, Pa.  
DEARBORN, G. S., President, American Hawaiian Steamship Co.,  
New York City.  
GORDON, JOHN R., Traffic Manager, Union Sulphur Co., New York  
City.  
GRACE, JOSEPH P., President, W. R. Grace & Co., New York City.  
HULL, A. H., President, Hull Steamship Co., New York City.  
KIRLIN, J. PARKER, New York City.  
OGDEN, GEORGE D., Freight Traffic Manager, Pennsylvania Rail-  
road Co., Philadelphia, Pa.  
PALEN, E. E., Assistant Director of Operations, United States  
Shipping Board, Norfolk, Va.



POWELL, J. W., Vice-President, Bethlehem Shipbuilding Corporation, South Bethlehem, Pa.

RAYMOND, H. H., President, Clyde Steamship Company, New York City; President, American Steamship Association.

TAYLOR, H. BIRCHARD, Vice-President, William Cramp & Sons Ship and Engine Building Company, Philadelphia, Pa.

#### AMERICAN.

The first meeting of the Committee on Shipping was called to order by Chairman P. A. S. Franklin at 8.30 o'clock Sunday evening, October 19, in the Submarine Grill.

The following members of the Committee were present:

P. A. S. FRANKLIN, Chairman.

EDWARD B. BURLING.

CHAS. A. DAY.

G. S. DEARBORN.

JOSEPH P. GRACE.

J. PARKER KIRKIN.

GEO. D. OGDEN.

E. E. PALEN.

J. W. POWELL.

H. H. RAYMOND.

H. BIRCHARD TAYLOR.

N. SUMNER MYRICK, Vice-Chairman and Secretary.

C. A. STOWELL, Assistant Secretary.

Mr. H. Y. Saint of the Coal Bureau of the Shipping Board, Mr. J. D. A. Morrow Vice-Chairman of the Coal Committee of the Conference, and Mr. H. Lane of the Information Bureau of the United States Shipping Board, were also present.

This meeting was attended, of course, by no representatives of the foreign missions, and was intended for the discussion of the methods by which the conferences with the foreign delegations should be taken up, and general talk concerning the needs of each, and particularly those of Italy, because the first scheduled meeting with a foreign delegation was with Italy on Monday afternoon.

Mr. H. Y. Saint of the U. S. Shipping Board was present and gave particularly valuable information on the Italian situation with reference to available tonnage of

American ships, inadequate terminal facilities in Atlantic ports, and the impossibility of return cargoes. Interesting information was also given by Mr. Gordon of the Union Sulphur Co., concerning English domination of the Italian coal trade, the handicap of American coal exporters before the war because of the shorter haul from England, and the added advantage of the English in securing return cargoes of Spanish iron ore.

In the general discussion that followed it was brought out that the Mediterranean coal trade in the future might be considered as a debatable proposition, but a number of the committee present believed America had a fighting chance. This led to a discussion of the present coal pools and the evils existing under this system and to a discussion of the larger independent operators and exporters of coal who practically maintained their own pools. Because of the importance of this later discussion, Mr. J. D. A. Morrow, Vice-Chairman of the Committee on Coal was called into conference and made a very valuable contribution.

The meeting adjourned at 10.30.

#### ITALIAN.

The second scheduled meeting of the Shipping Committee took place on Monday afternoon, October 20, at 2.15, in the Submarine Grill. The following were present:

Representing the Italian Shipping Committee:

PROF. BERNARDO ATTOLICO.

DR. LUIGI LUIGGI.

COM. PIETRO GIOVANNI LAZZERINI.

COM. ENG. FERDINANDO QUARTIERI.

MR. A. PALANCA.

M. L. SOLARI.

A. C. BONASCHI.

Italians of New York or Italy attending the Conference by invitation of the Italian Mission:

MR. G. VITELLI.  
MR. L. J. SCARAMELLI.  
MR. G. B. CECCATO.  
MR. V. MENEGHELLI.  
MR. O. TUCCIMEI.  
MR. C. H. HAUSS.

The following members of the Shipping Committee of the Chamber of Commerce of the United States:

MR. P. A. S. FRANKLIN, Chairman.  
MR. N. SUMNER MYRICK, Vice-Chairman and Secretary.  
MR. EDWARD B. BURLING.  
MR. HENDON CHUBB.  
MR. CHAS. A. DAY.  
MR. G. S. DEARBORN.  
MR. JOHN R. GORDON.  
MR. JOSEPH P. GRACE.  
MR. EDWARD N. HURLEY.  
MR. J. PARKER KIRLIN.  
MR. GEO. D. OGDEN.  
MR. E. E. PALEN.  
MR. J. W. POWELL.  
MR. H. H. RAYMOND.  
MR. H. BIRCHARD TAYLOR.  
MR. C. A. STOWELL, Assistant Secretary.  
MR. W. F. GIBBS, Secretary to Mr. Franklin.

And the following men of the Coal Bureau of the Shipping Board:

MR. H. LAUE.  
MR. H. Y. SAINT.  
MR. W. F. TAYLOR.

Representing the Trade Commission of the Department of Commerce:

MR. JOSEPH CHIESA.  
MR. WESLEY FROST, of the Department of State.  
MR. PAUL CLAGSTONE, of the Chamber of Commerce of the United States, and representative of the "Nation's Business."



Chairman P. A. S. Franklin called the meeting to order and the members of the Italian Mission promptly began the statement of their needs.

Professor Luiggi dwelt briefly on the state of the Italian shipping before and during the war and following the signing of the Armistice. He made an interesting point that apparently the vessels which were lost through submarine warfare were those of the largest cargo capacity possessed by Italy, and that at the close of the war Italy had in her possession a great majority of small cargo carriers which could not be operated at a profit in overseas trade, particularly in the coal trade. It was stated that the Italians possessed abundance of skilled workmen and were able to build ships of the very highest type, but the lack of coal was operating seriously against railroad transportation, fuel with which to run mills and blast furnaces, and to work the iron mines. In fact, every phase of industrial life is crippled.

In seeking the solution of these difficulties, Professor Attolico suggested four remedies:

1. The possibility of buying ships in America, which depends very largely on price.
2. The possibility of America financing plates and other material for the shipyards in Italy.
3. The possibility of combining American capital with Italian capital to institute steamship lines.
4. Reduction of freight rates.

It was developed later in the discussion following the departure of the Italian delegation that Italy's tonnage is about 2,500,000 gross tons, including home chartered tonnage, and also 500,000 tons to be obtained by release from Great Britain, about one-half of which has been delivered, or is being delivered. It is expected that the total delivery by Great Britain will be completed by the spring of 1920. It must be borne in mind, however, that a large number of these vessels are small cargo carriers and are not adapted to profitable trade with the United States. They may, however, be used to advantage in

obtaining grain from Southern Russia and for the possible development of coal routes via the Suez Canal when Italy's credit will enable her to purchase from India.

It was further brought out that the existing Italian laws could give little encouragement to Amercian investment interests in the matter of organizing privately owned steamship lines to Italy. Fifty-one per cent of the capital stock would of necessity be under Italian control, and this, of course, would not meet with favor with American capital.

It was shown that prior to the war Italy's coal supply was mostly obtained from Great Britain, but the present conditions in England, due to labor troubles, are such that England cannot supply the demand and Italy must turn to the United States for coal. The Italians made it perfectly clear in this respect that they were seeking to establish a permanent trade in coal, mentioning the fact that the Pocahontas coal was best known and was readily accepted. In the case of the railroads, however, certain types of grates and fire-boxes were not adapted for any but the English coal.

In previous discussion on Sunday night, it was shown that America could not supply but a fractional part of the coal Italy needs, due to shortage in shipping, length of turn around and high cost of freight. It has been the custom of the Shipping Board to send back most of their boats in ballast because of the absolute inability to secure return cargoes and the delay in loading a boat if cargo were obtainable would cost more in dollars and cents than the profit of the return cargo.

During the discussion Italy pointed out the fact that pier and terminal facilities had been largely increased and that delays were less during the last three months than before, and that it was now possible for the country to discharge at least one thousand tons a day. It was suggested by Mr. Gordon that if increased ability in discharging coal cargoes could be had by Italy, that there would be a possibility of lowering freight rates. Mr. Taylor of the Shipping Board, in rebuttal, stated that it

was a possibility that the rates had already been lowered to a very low figure possibly in a somewhat altruistic spirit.

An interesting point to the American shippers was cleared up by H. B. Taylor of the United States Shipping Board, who told the Italian delegation he had been informed that demurrage could not be protected at Italian ports by a lien on the cargo of ships held up there. This statement brought protest from the Italians who stated they were anxious to correct this impression in the minds of the American shipper. Mr. Quattrone, of the Italian Mission, assured the American Committee that Mr. Taylor had been misinformed, and that he had just learned by cable that demurrage charges could be protected by lien on the cargo. Mr. Franklin, the Chairman, noted that what shipping required was dispatch and not demurrage.

Italy complained of the fact that the rates to South America from the Atlantic Coast were very much cheaper than those to Italy, quoting the figures of \$14 to the Platte, as against \$25.50 to Italy. Professor Attolico stated that he realized that one reason why the freight rate to South America was cheaper was doubtless the great interest the United States had in developing trade with South America. It was brought out in the evening discussion, however, that the cargo from the United States was one consisting of half coal and half general merchandise sent to the River Platte or some part of South America, and that the rate was cheaper on account of the possibilities of return cargo.

It is the opinion of the Shipping Committee that the Mediterranean coal trade is largely a debatable proposition. It may be possible to develop a profitable trade there, provided that the coal pools are organized to the extent of providing coal of higher grade and uniform quality. The present railroad pools with an indiscriminate dumping of mixed grades are rapidly giving American coal a black eye in the American market. It has been shown, as well, that the great independent operators



(Berwind-White, Pocahontas Fuel, etc.) have, by careful grading, chemical analysis and special service to customers, developed a trade that is absolutely reliable in Europe and have made themselves a name for their product.

An interesting feature of the afternoon discussion was the disclosure that before the war Italy had begun to make a steady purchase of American coal and had accumulated a reserve. When the supply from England was cut off, it was this accumulation of American coal that enabled Italy to carry on and to keep her factories running during a certain period of the war, at least.

The meeting adjourned at 4.35, with the understanding that no decision would be made by the Committee until after the close of the Conference. It was voted that the appointment of sub-committee on coal for Italy be left to the discretion of the Chairman, Mr. P. A. S. Franklin.

#### *Joint Meeting.*

In order to make the most of the time of Mr. H. B. Taylor, of the United States Shipping Board, it was decided to hold an informal dinner on Monday evening, October 20, at 6 o'clock, at which time at least two representatives from each of the four visiting delegations could question Mr. Taylor and draw from him certain information not so readily available in a more formal session. There were present from the Shipping Committee Messrs. Franklin, Myrick, Raymond, Dearborn, and Stowell; from the British Commission, Sir Arthur Shirley Benn, and Mr. Marshall Stevens; from the Italian Commission, Professor Attolico, and Messrs. L. Luiggi and P. G. Lazzerini; from the Belgian Commission, M. de Groote and M. Albert Neve; from the French Commission M. Pellerin de Latouche, M. Freminville, M. Parmentier, and M. Harinkouck.

Following the dinner a very informal and extremely interesting discussion took place, centered about Mr.

Taylor, who was able to give a great deal of wanted information on the subject of available tonnage, freight rates, the triangular route, and the general policies of the Shipping Board. This meeting adjourned at 8.15 to permit the members of the foreign delegations to attend other evening sessions.

#### BELGIUM.

The Committee from the Belgian delegation met with the Shipping Committee at 10 A. M. on Tuesday, October 21, in the Submarine Grill. There were present the full membership of the Committee in Atlantic City at the present time (Messrs. Ackerson and Bull being absent); Honorary Vice-President A. B. Farquhar, Mr. Taylor of the Shipping Board, Mr. Frost of the State Department, Mr. Paul Clagstone of "The Nation's Business," Messrs. L. S. Gillette and M. J. Sanders, Directors of the Chamber of Commerce, and the following members of the Belgian Mission: M. de Groote, M. Canon-LeGrand, and M. Neve.

The requests of the Belgians were very brief and pertained mostly to the matter of lower rates on foodstuffs. Belgium does not lack coal, with the possible exception of gas and cooking coals, formerly obtained from northern France and from Germany. Coal production in Belgium at the present time is about 86 per cent of the pre-war figure, and Belgium is even now selling coal to Holland, Italy and France, the last named in small quantities.

M. DeGroote was the principal speaker and showed plainly the fact that from the standpoint of Belgium the reduction of freight rates would have to be absolutely necessary if wheat is to be obtained in sufficient quantities to make bread at a fair price. The wheat supply formerly available from Russia, is not obtainable at this time. Furthermore, should conditions better in that country, it would not be possible to move any great amount of wheat until the middle of April, 1920, due to the freezing of waterway communications.

The Belgian tonnage is not under any Government control. It appears, however, that it operates under agreement with the Government, by which commodities are brought to Belgium at a lower price than the open freight rates. The Belgian ships are free to operate in any part of the world whatever, but they are practically all engaged in bringing commodities of the greatest need to Belgium. Italy's coal is practically all moved out of Belgium by Italian ships, and one line running to Australia bunkers in Antwerp, and takes, as well, a general cargo.

Inquiry made concerning the potash trade of Alsace-Lorraine as to the advisability of moving it through Antwerp, rather than Rotterdam, developed the fact that in the opinion of the Belgian delegation, it would not be possible to obtain Government pressure to this end. This must be accomplished through the enterprises of private firms. The vast amount of kanit formerly routed through Germany and the Dutch ports could well be transported through Antwerp, and the suggestion was made by Mr. Taylor of the United States Shipping Board, that the possibility of obtaining a return cargo of potash, greatly in demand in the United States, might operate to reduce shipping rates on eastern cargoes from the United States of foodstuffs and commodities greatly in demand in Belgium, on which the Belgians believe the freight rates are at present excessive.

The Belgians particularly emphasized their belief in the necessity of a free market and unrestricted shipping for the entire world, believing that the steady increase in tonnage, plus the competitive factor, would tend to reduce freight rates to a normal level and thereby relieve their greatest need—that is, of obtaining sufficient food.

The meeting adjourned at 12 o'clock.

#### GREAT BRITAIN.

The committee from the British delegation met with the Shipping Committee at 2.15 o'clock on Tuesday after-



noon, October 21, in the Submarine Grill. There were present the full membership of the Committee in Atlantic City at the present time (Messrs. Ackerson and Bull being absent) ; Honorary Vice-President A. B. Farquhar, Mr. Taylor of the Shipping Board, Mr. Frost of the State Department, Mr. Chiesa of the Department of Commerce, Mr. Paul Clagstone of "The Nation's Business," and the following members of the British Commission: Sir Arthur Shirley Benn, Sir James Hope Simpson, Mr. Marshall Stevens, Mr. J. J. Brokerick, Civil Attache, British Embassy, and Mr. George Berkes, Secretary.

Sir Arthur Shirley Benn in presenting the case of the British delegation stated that Britain had not come to ask for anything, but strongly advocated heartiest coöperation between American and British mercantile interests, strongly favored the elimination of Government control at the earliest possible moment in order to bring freight rates to normal levels.

During the war the English mercantile marine suffered heavily—far more than that of any other nation. Continuous effort had been maintained in shipbuilding, and as was later brought out by Bailie John King, England, which heretofore purchased to a certain extent castings and other construction parts of ships from Germany and Austria, had been able to produce everything she needed in her own yards in sufficient quantities, not only for war needs, but for years to come. The sentiment was plainly expressed that should the need arise in England for any material or equipment which she herself could not supply, the utmost effort would be made to obtain these in America.

It was shown by the remarks of all the speakers that America will have only the fairest kind of competition in the world's markets, and that England's boast is that no discrimination is shown, not only in the case of American ships, but in the case of any maritime power. It was plainly shown both by the British and American speakers that the place in the world's merchant marine formerly held by Germany should now be held by the United

States, and that working in the closest harmony with England, as brother Anglo-Saxons, the commerce of the world should be carried on with every vessel working at 100 per cent efficiency.

Mr. Edward N. Hurley, formerly chairman of the United States Shipping Board, in a very happy speech, testified to the hearty coöperation of the British ship-owners and admiralty during the war, and saw nothing ahead but the same spirit in the years of peace.

By other speakers the hope that Britain and America should sit at the same table and in amity arrange for a full and complete shipping program was plainly stated.

It was voted that the Chairman appoint at his discretion an advisory committee to continue the investigation and discussion begun in these conferences on the subject of coal. To this same committee were referred the resolutions of the Mercantile Handling Machinery Association and the petition submitted on behalf of the Millers National Federation of Chicago by Mr. F. H. Price, a delegate to the Conference.

The meeting adjourned at 4 o'clock.

#### FRANCE.

The final session of the Shipping Committee was held on Wednesday, October 23, at 10 A. M., in the Submarine Grill, it having been agreed by the French Commission as well as the Shipping Committee to change from the scheduled afternoon session to the morning in order that certain members of the Committee might be present.

There were present the following members of the Committee: Mr. Franklin, the Chairman; Mr. Myrick, the Vice-Chairman; Messrs. Day, Dearborn, Gordon, Hurley, Kirlin, Ogden, Palen, Raymond, Taylor, and Stowell; Mr. Taylor of the United States Shipping Board, Mr. Laue of the United States Shipping Board, Mr. Frost of the State Department, Mr. Chiesa of the Department of Commerce, and Mr. Clagstone of "The Nation's Business," and the following members of the French Mission: M.

Tirman, M. Andre Homberg, M. Pellerin de La Touche, M. Waddington, M. Roche, M. Parmentier, M. de Freminville, and M. Boyer.

M. Pellerin de La Touche presented the statement of the French, reading it in French; at the same time each member of the Committee was furnished with a copy of the translation. This statement, which covered eight pages, was a very clearly defined and well presented story of the French shipping situation, emphasizing the pre-war conditions, the great losses sustained by submarine warfare, and the present condition of the merchant fleet.

France's three requests for consideration by the Committee are here quoted verbatim from the report:

1. That the German steamers which are still in the hands of the United States Shipping Board and which have been used to bring back to your shores your gallant soldiers, be allotted to France, England receiving as compensation the big steamers which are now being completed in the German shipyards and amounting to 300,000 (?) tons.

2. That the settlement for our ships requisitioned in July, 1917, in your shipyards be made shortly, either by giving back these ships or similar ones, taking into consideration in a liberal manner the depreciation of the first named and the decrease we can figure in the future of the value of the latter.

3. That liberal terms for payment be made to those of our shipowners who will negotiate in the United States for the purchase of ships built or to be built.

The statement concluded with an appeal to the justice and fair play of America in the matter of assisting France to rehabilitate her merchant marine, and put it on the same footing commercially as before the war.

An interesting and lively discussion followed in which a number of important facts were developed. Mr. Hurley and Mr. Gordon, in connection with their work in France with the Inter-Allied Maritime Transport Council, referred to the agreement, to which the French were a party, that the German ships allocated to the United States during the war were to be returned to that Council and not to the French nation directly.



England has agreed to build for France 500,000 tons of merchant ships, of which 170,000 tons have been delivered. These vessels range in size from 3,500 tons up to 10,000 tons. M. de Latouche spoke of an advantageous contract that had been arranged between the Compagnie Generale Transatlantique and the City of Paris whereby a number of smaller ships, unsuited for general overseas cargo work, had been assigned to the city of Paris coal trade on a five-year contract basis, and could therefore be considered as a profitable investment.

Detailed explanation of the tonnage in building and being built for France in American shipyards which the United States was forced to take over for war purposes followed. Eighty per cent of the purchase price of these vessels had been paid by the French shipowners and to date it has been impossible to recover this payment. In rebuttal, Mr. Taylor of the United States Shipping Board, pointed out the fact that settlements had been made with certain of the Allied and neutral countries on this very question; money payments had been made rather than ships returned, although the actual return of the vessels had been asked for in each case. Mr. Taylor pointed out that the actual return of requisitioned vessels to France would, in a measure, tend to stultify the previous action of the United States Shipping Board.

In opposition to this view the French advanced the argument that since the shipyards of France had been absolutely idle during the war period, and the entire industrial resources of the war had been centered on the manufacture of munitions, a large part of which in the later years of the war were supplied to America, the case of France, in her request for the return of the ships, was an entirely different proposition from that of the other countries.

Mr. Kirlin then spoke concerning his understanding of this agreement. Negotiations with the French concerning the return of 23 or 27 ships and six ships for the French Government railways, have centered entirely upon the return of the ships, with no alternative propo-

sition to settle in cash, nor any offer on the part of the United States Shipping Board to settle in cash. The difficulty in these negotiations has been largely due to the fact that the United States Shipping Board has not yet been able to furnish a statement of the final cost of building these vessels.

It was shown that the French desire to purchase at least 3,500,000 tons additional shipping to bring the total merchant marine to 6,000,000 tons; that ships will be purchased in America provided that the cost compares favorably with that of other shipbuilding nations, and if favorable terms of payment can be arranged.

On query by Mr. Gordon concerning the 500,000 tons of shipping to be built by Germany for the Allies for the next five years, the French stated that they hoped to purchase a part, if not the greater part, for they believed that the ships will be offered at as low a figure as anywhere in the world.

At the conclusion of the presentation of the French case the members of the French Commission withdrew, giving an opportunity for the general discussion of the situation among the members of the Committee.

At this point the following committees were named:

*Advisory Committee.*

MR. GORDON, Chairman.  
MR. POWELL.  
MR. OGDEN.  
MR. DEARBORN.  
MR. KIRLIN.  
MR. RAYMOND.

*Coal Committee.*

MR. OGDEN.  
MR. DAY.  
MR. PALEN.

It was understood that further meetings of the Advisory Committee would be held in order to formulate a report for the use of the Chamber of Commerce. These meetings are subject to the call of the Chairman.

Votes of thanks were then passed to the Chairman, the members of the Committee, the representatives of the United States Shipping Board and the State Department.

The final conference adjourned at 12.15 P. M.

### REPORT OF COMMITTEE.

Separated from many matters that were suggested for consideration by the visiting delegates, there are a number of outstanding facts to which attention is herein particularly directed.

1. Belgium desires lower freight rates, and it was the suggestion of the Belgian delegates that if there were a free market for tonnage throughout the world, rates would fall and Belgium would participate in the advantage of the decline.

There is a great question, however, if it is possible to get free tonnage in the manner desired. England is in great need of foodstuffs. Indeed, it has been said that England's condition in this respect in the coming winter will be more severe than it was at any time during the war. Under those circumstances, it is hardly to be expected that British shipping will be left free to seek the most profitable trades, and until that permission is granted, obviously there can be no such thing as free tonnage.

2. Italy, although she has lost heavily in tonnage during the war, is in a fair way of recouping these losses through the construction of new tonnage in her own yards, by purchases abroad, and by the acquisition of Austro-Hungarian tonnage that formerly hailed from Adriatic ports. Italy's great necessity is coal—coal with which to re-establish herself industrially; for the purposes of transportation; and for the health and comfort of her people. This necessity must be met and it can only be met by America. Previous to the war Italy imported over ten million tons of coal annually from England, and lesser amounts from France, Germany and the United States. But new importations from those countries, other than the United States, have so greatly diminished as necessarily to oblige Italy to rely almost wholly upon the United States. Unless the United States fulfills in this respect Italian expectations, there must necessarily result throughout Italy great distress. The Committee,



therefore, believes that it is of the highest importance that there should be a coördination of effort in the United States to come to Italy's rescue. It is with great satisfaction that the Committee recognizes the fact that of all the nations in need of coal Italy is contributing more largely than any other in providing for her own necessities.

3. France is in need of tonnage and of shipbuilding materials. During the war France was unable to make use of her shipyards for the construction of merchant tonnage because the yards had been devoted wholly to war purposes. After the beginning of the war, but before the United States entered the war, this tonnage was all requisitioned. Up to the present moment, no settlement has been made for the compensation of the private owners of that requisitioned tonnage. The claims of France alone, of all the nations similarly situated, have not been settled. The Committee is advised, however, that the whole matter is the subject of present negotiation and that a satisfactory adjustment of these claims will soon be reached.

France would like to purchase from the Shipping Board, or have built in American shipyards, several hundred thousand tons of her merchant ships, but even if this desire were promised fulfillment by the Shipping Board, the prices at which American Government shipping is now being held precludes any thought of selling American tonnage to France at this time. But these are matters to which the Committee proposes to give consideration.

4. The British delegates alone had no request to make for material support from the United States in the re-establishment of her merchant marine and overseas trade, except the good will of the American people. Honorable competition on the part of the world was heartily invited in the belief that there was ample room for both.

It early appeared to your Committee that an adequate consideration of the problems herein briefly set forth was impossible during the life of this Conference. There are too many interests involved to be reached and brought within a possible field of coöperation to permit of any specific action at this time. In view of this circumstance, therefore, your Committee has appointed two subcommittees, one to deal with all of the problems, save that of coal, that have been presented, and another to devote itself exclusively to the coal question, particularly as it

affects Italy. This latter subcommittee is to act in co-öperation with a subcommittee of the Coal Committee. Already the two committees have had a preliminary meeting, and it may be affirmed with considerable assurance that if the tentative plan of procedure marked out is carried into effect, it will result not only to the very great benefit of the Italian people, but will contribute to the establishment of a coal trade with the Mediterranean ports that will be of so great advantage to the United States in the years to come as alone to justify, from the viewpoint of an American citizen, calling this Conference.

In conclusion, your Committee, with considerable satisfaction, calls attention to the fact, that the Committee was made up of sixteen extremely busy men, and that fifteen of them were present at practically every session.

P. A. S. FRANKLIN, *Chairman*.

## COMMITTEES ON TEXTILES.

### BELGIUM.

M. DE HEMPTINNE.  
M. JANSSEN.  
M. CANON-LEGRAND.  
M. VAN DEN VEN.

### FRANCE.

M. WADDINGTON.  
M. GODET.  
M. VARAIGNE.  
M. POTIN.  
M. ROCHE.  
M. TIRMAN.  
M. DOLLEANS.

### GREAT BRITAIN.

MR. FRANK MOORE.  
SIR ARTHUR SHIRLEY BENN.  
SIR JAMES HOPE SIMPSON.  
MR. MARSHALL STEVENS.  
HON. J. G. JENKINS.  
BAILIE JOHN KING.

ITALY.

G. MYLIUS.  
G. GRANATA.  
O. ROSSATI.  
I. MARCHISIO.  
P. DE CICCIO.  
G. B. CECCATO.  
G. P. VILLA.  
V. MENEGHELLI.

AMERICA.

JOHN R. MUNN, Chairman;  
President, Textile Manufacturers' Alliance Corporation.  
New York City.

PAUL T. CHERINGTON, Vice-Chairman and Secretary;  
Secretary-Treasurer, National Association of Wool Manufacturers,  
Boston, Mass.

VERNON E. BLAGBROUGH, Assistant Secretary,  
Chamber of Commerce of the United States,  
Woolworth Building, New York City.

ALLEN, ETHAN, New York City.  
BLANCHARD, F. S., Pacific Mills, Boston, Mass.  
BLUMENTHAL, SIDNEY, President, Sidney Blumenthal & Co., New  
York City.  
COPELAND, PROF. MELVIN T., Cambridge, Mass.  
DANE, CHESTER L., President, American Woolen Products Com-  
pany, New York City.  
FOSS, GRANVILLE E., Brightwood Manufacturing Co., North An-  
dover, Mass.  
HODGSON, GEO. H., Vice-President, Cleveland Worsted Mills Cleve-  
land, Ohio.  
MACCOLL, JAMES R., Treasurer, Lorraine Manufacturing Co  
Pawtucket, R. I.  
MASTERS, FRANCIS R., Lawrence & Co., New York City.  
VICTOR, HENRY M., President, Union National Bank, Charlotte,  
N. C.  
VILLA, A. P., President, A. P. Villa & Bros., Inc., New York City.  
WEBB, CHARLES J., Charles J. Webb & Co., Philadelphia, Pa.



COMMITTEE ON TEXTILES.

AMERICAN.

Meeting for Organization, 2 P. M., October 20.

Present:

JOHN R. MUNN, Chairman.  
P. T. CHERINGTON, Secretary.  
V. E. BLAGBROUGH, Assistant Secretary.  
F. S. BLANCHARD.  
SIDNEY BLUMENTHAL.  
M. T. COPELAND.  
CHESTER L. DANA.  
GRANVILLE E. FOSS.  
F. R. MASTERS.  
V. F. VILLA.  
CHARLES J. WEBB.

The meeting was called to order by the Chairman, Mr. Munn, who stated the general results of the preliminary conference with the foreign delegates held in New York last week. The textile industry, Mr. Munn said, is called upon to export a surplus which does not exist. Raw cotton, apparently, constitutes the only exception to the statement that among textiles and textiles materials, the United States has little that it can export at this time.

A general discussion followed, participated in by Messrs. Masters, Munn, Copeland and Foss, which developed approximately the same point with greater or less detail with respect to the foreign countries represented at the Conference. Mr. Foss called particular attention to the shortage of yarns in this country, and others mentioned the fact that we were now importing mohair yarns and some others from Europe.

Mr. Blumenthal made the point that the demoralization of the European textile industry was due partly to the actual removal and destruction of machines, partly to the lack of repairs, and partly to the deterioration of manpower, but declared that the best thing to be done

was to put the industries of these foreign countries in a position to use their equipment.

Mr. Webb declared that high-count worsted yarns and tops are now being imported into the United States, and the prices in these foreign countries are cheaper than they are here.

Mr. Masters said that there probably would be a continual exportation of hosiery and knit goods to France, and also to England, but that the total value probably would not be large in comparison with the total production in this country.

After further discussion participated in by practically all of the members of the committee present, it was agreed that any conference with the foreign delegates, or inquiries and discussions, should aim to bring out the actual facts concerning the four principal groups or points, as follows:

1. The requirement of each of the four foregoing countries in both raw materials and some manufactured products, and wherever such business did exist, in finished products as well.

2. Pre-war production conditions and tendencies, including the number of spindles in actual operation, of working hours now prevailing as compared with pre-war times, and the general and social labor conditions.

3. The amount of exportable surplus in each of the foreign countries and in the United States in the case of the principal items of textiles under present conditions as compared with pre-war times.

4. The method by which any commercial obligations entered into as a result of general agreements as to policy should be guaranteed,

- a. Whether by foreign government.
- b. By foreign bankers.
- c. By the foreign industry.
- d. By the United States Government.
- e. By bankers in the United States.

Chairman Munn then appointed the following committee to serve as a special reception committee in connection with welcoming the foreign delegates at the meeting of the Textiles Committee:

MR. FOSS, for Belgium.  
MR. MASTERS, for France.  
MR. DANA, for Italy.  
PROFESSOR COPELAND, for England.

MEETING 8 P. M., OCTOBER 20.

BELGIUM.

Present:

JOHN R. MUNN, Chairman.  
V. E. BLAGBROUGH, Assistant Secretary.  
SIDNEY BLUMENTHAL.  
W. A. GRAHAM CLARK.  
M. T. COPELAND.  
CHESTER L. DANE.  
GRANVILLE E. FOSS.  
JOHN S. LAWRENCE.  
JAMES R. MACCOLL.  
F. R. MASTERS.  
V. P. VILLA.  
H. M. VICTOR.  
CHARLES J. WEBB.  
M. CANON-LEGRAND.

The Belgian Textile Delegates not having arrived in Atlantic City, the first part of the evening was devoted

Following the discussion by M. LeGrand, Mr. John S. Canon-LeGrand, of the Belgian Mission.

Following the discussion by M. Legrand, Mr. John S. Lawrence introduced a set of resolutions concerning cotton, which had been submitted by the United States delegate members at the World Cotton Conference, held in New Orleans, as follows.

“WHEREAS, a great and unprecedented emergency now exists in the world requiring prompt assistance to the countries of Europe in order to restore as quickly as possible the operation of their industries and a return to normal economic conditions; and,

“WHEREAS, a broad public policy demands an increase in world-wide production with the least possible delay, to



the end that the existing high level of prices may be reduced; and,

"WHEREAS, certain essential industries in Europe which should be producing are not now able to do so owing to their inability to secure the necessary materials on sufficient long-time credits to permit them to resume business operations and production; and,

"WHEREAS, the materials required involve credits of such character that the usual channels of credit extension are unable to meet them, requiring the assistance of some government agency capable of safely extending, allocating and controlling such credits and coöperation with other governments, creating a form of investment security appealing to the general public; and,

"WHEREAS, appreciating this situation our Government has authorized an extension of ONE BILLION DOLLARS of credit to finance our exports through the agency of the War Finance Corporation; and,

"WHEREAS, this situation requires unity of effort and coöperation between other governments and our Government, and involves credit of longer term than American commercial banking machinery is justified to assume; therefore, be it

*"Resolved,* That we recommend that such enabling legislation be enacted by Congress as will permit the War Finance Corporation to purchase directly self-liquidating secured approved obligations of foreign manufacturers, corporations, firms or merchants, endorsed by foreign commercial banks, or bankers and guaranteed by the Government Bank and approved by the recognized governments of the respective countries, to be used by such manufacturers, corporations, firms or merchants for the purchase in the United States of essential materials necessary for the resumption of business operations and production in those countries, thus giving employment to their people and aiding in a return to political, social and economic stability, and for the production of such merchandise as may be exported, and to provide exchange for further purchases. Be it further

*"Resolved,* That it is the sense of this Conference that if the aid of the Government of the United States can be extended in the manner above indicated, to provide for this emergency financing for which no other agency now exists than the War Finance Corporation, that the existing banking and credit machinery of the United States will be adequate to provide for the general financing inci-

dental to normal international banking operations. Finally

*"Resolved,* That it is our opinion that with the Government coöperation as above outlined, at least one million bales of cotton, together with large quantities of other essential products could be made immediately available for those European industries which are now unable to operate."

In the course of the informal discussion following, Mr. Cherington raised the question whether it would not be advisable in negotiating new commercial treaties with the chief allied and associated countries, to include a provision for clauses which would permit the refunding of all tariff duties on merchandise from these countries, imported into the United States for a specified term of years, upon the submission of proof that the price paid for the merchandise imported in the country of production, was not less than the prevailing market price in the chief market in the United States for goods essentially similar.

#### FRANCE.

A meeting of the Textiles Committee with the French representatives was held at 2.15 P. M. Tuesday afternoon, October 21, at the Hotel Traymore.

The following persons were present:

#### *Representing France.*

M. EDUARD DOLLEANS.  
M. WADDINGTON.  
M. GODET.

#### *Representing the Committee.*

MR. JOHN R. MUNN, Chairman.  
MR. PAUL T. CHERINGTON, Secretary.  
MR. V. E. BLAGBROUGH, Assistant Secretary.  
MR. CHESTER DANE.  
MR. W. A. GRAHAM CLARK.

MR. CHARLES J. WEBB.  
 MR. J. J. MERRITT.  
 MR. GRANVILLE E. FOSS.  
 MR. F. S. BLANCHARD.  
 MR. MELVIN T. COPELAND.  
 MR. SIDNEY BLUMENTHAL.  
 MR. F. R. MASTERS.  
 MR. EDWIN M. SMITH.  
 MR. A. P. VILLA.  
 MR. JAMES R. MACCOLL.  
 MR. JOHN HANRAHAN.  
 MR. GEO. H. HODGSON.  
 MR. D. R. CALHOUN.

After the meeting had been called to order by the Chairman, Mr. John R. Munn, M. Waddington of the French delegation was introduced, and he presented some statistics concerning the present state of the textile industry in France, among the more significant of which were the following:

|   |           |
|---|-----------|
| Cotton spindles in France.....  | 9,300,000 |
| Spindles operating on Egyptian cotton.....  | 1,500,000 |
| Spindles operating on American cotton.....  | 7,800,000 |
| Total number of spindles in northern France<br>before the war.....                                      | 1,100,000 |
| Approximate amount of American cotton re-<br>quired (bales) .....                                       | 1,000,000 |
| Number of looms operating on cotton.....  | 182,000   |
| Total number of employes in cotton industry<br>(spinning and weaving), men, women and<br>children ..... | 300,000   |
| Approximate number of other employes be-<br>sides spinners and weavers.....                             | 1,500,000 |

M. Waddington declared that after the complete cessation of textile operations during the month of August, 1914, there was a resumption almost wholly on military production, but even this showed a reduction of not less than eighteen and probably not more than forty-five per cent of normal. In addition to the lack of labor, the lack of raw material and the shortage of coal, both of which were due to the failure of transportation, greatly hindered the operation of the industry.



M. Waddington gave a summary of conditions in the French industry since the signing of the armistice. He showed that in general throughout the occupied territory the Germans had stripped the mills of all copper parts and belting. Apparently they had intended to keep the territory permanently, and left the looms intact. When defeat became imminent, however, they decided to break up what machinery they could and remove the rest. This was not completed and much of the machinery was overtaken by the French army before it reached the frontier. Work has been resumed in many of the mills of northern France, and the probabilities are that it will not take more than a few months to almost completely restore the more important parts of the cotton industry of northern France.

Notwithstanding the shortage of labor due to the large number of men killed and disabled, and the exhaustion of the women laborers, the probabilities are that the restoration of the industry will not take long. The principal obstacle is the securing of an adequate supply of raw material, and the chief feature of this problem is the necessity of getting some kind of extension of time in payment for the cotton, so that the payment may be made after the changed situation has to some extent improved. In other words, M. Waddington took the position that the French cotton industry would be able to meet practically all of the difficulties of the situation, provided they were not handicapped by this individual burden, which could, without undue tax, be avoided by postponement.

In connection with the woolen industry, M. Waddington read a translation of a statement prepared by M. Godet, covering the woolen and worsted industries. This statement showed that the reconstruction of these industries in northern France would be sufficient for taking care of home consumption in France for the current year. The total restoration for the country would probably amount to twenty-five per cent of the pre-war normal capacity in these industries, if immediate needs for clothing orders had been placed in Bradford. There

was no necessity for the importation from the United States of raw materials for this industry in so far as cotton is concerned.

The woolen and worsted industries of France are anxious to increase to something like pre-war basis their exports of high-grade woolen fabrics to the United States. In this they are somewhat handicapped by the tariff, but with the proper selling conditions, the probabilities are that the handicap could be overcome.

Other matters mentioned by M. Godet were the desirability of relaxing the taxation on the importation of French feathers without killing birds, and also in the United States adequate production for added designs and feathers.

In the general discussion which followed M. Godet declared that although the hours of labor in the French textile industry had been reduced from ten hours per day to eight, the production in the weave looms had not shown a corresponding decrease. By beginning work more promptly, and by working continuously until the hour of closing, and also by providing adequate assistance in the way of bobbin boys, etc., the actual amount of work done in the weave looms had been increased so that probably the output for eight hours was between ninety-two and ninety-seven per cent of the output previously secured in ten hours.

In the spinning departments this is not true, since it is impossible to run the spindles economically any faster than they were formerly run. The output of the spinning looms is about eighty-five per cent of that formerly obtained.

Wages have been materially increased so that they are now, roughly speaking, from two to two and one-half times those prevailing during the pre-war periods.

In reply to a question by Chairman Munn as to how long credit would be required for the cotton supplied by the United States, M. Godet said that if arrangements would be made to extend the time of payment certainly as much as one year, and possibly as much as five years,

it would greatly simplify the strained situation, and would tend to assist in rectifying exchange conditions.

In reply to another question M. Godet said that he knew of no effort inaugurated in France for the joint guarantee of credit on the part of industry, similar to the Belgian arrangement.

TUESDAY, OCTOBER 21, 1919, 8:30 P. M.

# AMERICA.

## Present:

MUNN, JOHN R., Chairman.  
 CHERINGTON, MR. PAUL T., Secretary.  
 BLAGBROUGH, MR. VERNON E., Assistant Secretary.  
 BLUMENTHAL, SIDNEY.  
 CLARK, W. A. GRAHAM.  
 COPELAND, PROF. MELVIN F.  
 CALHOUN, D. R.  
 DANE, CHESTER L.  
 FOSS, GRANVILLE E.  
 HODGSON, GEO. H.  
 LAWRENCE, MR.  
 MASTERS, FRANCIS R.  
 WEBB, CHARLES J.

Chairman Munn, read a statement concerning the French requirements in the matter of textiles as brought out by the Conference, in the afternoon. This statement was made the basis of general discussion from which a number of specific recommendations emerged.

On the motion of Mr. Webb, it was voted to include in the recommendation a provision that a credit of two hundred million dollars (\$200,000,000) should be extended to France for the purchase of raw cotton.

Mr. Lawrence submitted resolution as follows:

"We are in favor of a United States Government loan to France for the purchase of cotton."

This resolution was referred to a sub-committee consisting of Messrs. Munn, Copeland, Lawrence and Cherington.



On motion, Chairman Munn appointed the following sub-committee to redraft a general statement of the requirements of the various nations as brought out in the Committee discussions, consisting of Messrs, Blanchard, Cherington, Copeland, Lawrence, Chairman Mr. Munn.

On motion of Mr. Copeland, the following resolution was referred to sub-committee:

"We recommend that so far as possible, any credit extended should be given in such manner as to avoid further inflation of currency in the United States.

#### ITALY.

A meeting of the Committee on Textiles, was held at 10 a. m., Wednesday, October 22nd, 1919, at the Hotel Traymore.

Upon roll-call the following persons were present:

#### *Representing Italy.*

G. MYLIUS.  
I. MARCHISIO.  
A. JACCARINO.  
T. TUCCIMEI.  
H. TAVEIRA.  
P. DECICCO.  
V. MENEGHELLI.

#### *Representing the Committee.*

JOHN R. MUNN, Chairman.  
V. E. BLAGBROUGH, Assistant Secretary.  
GRANVILLE E. FOSS.  
CHESTER L. DANE.  
F. S. BLANCHARD.  
F. R. MASTERS.  
GEO. H. HODGSON.  
EDWIN E. SMYTH.  
MELVIN T. COPELAND.  
H. M. VICTOR.  
D. R. CALHOUN.  
W. A. GRANHAM CLARK.  
M. JOSEPH CHIESA.

Chairman Munn, after opening the session introduced Mr. Mylius, who read a prepared statement concerning the Textile Industries of Italy. This statement as given is attached.

The following points were brought out in the general discussion which followed the reading of the report.

1. By law, night work by women and children is entirely prohibited in the mills. Labor organizations, generally speaking, are opposed to working mills in more than one shift. The mills, which operated two shifts before the war still do so. The probabilities are, however, that as winter comes on, and it is evident that the mills are warmer and more comfortable than the weather outside, an increased amount of two shift work may be possible. The forty-eight hour week is now universal, and, it is generally assumed, that the reduction in production due to the decrease in hours of work is roughly ten per cent. of the normal pre-war figure. The present wages paid to women are about five lire per day, while men are paid eight liras, and some cases as high as ten.

2. On the matter of equipment, the point was made that there are about 140,000 looms in Italy, of which not more than five or six thousand are automatic. The war destroyed possibly two thousand looms. There are in all about 100,000 printing machines, about one-half of which are owned by a single concern.

On August 1st, the stocks of American cotton actually purchased for this year's use were about 276,000 bales, of which about 100,000 bales were still in the United States, the remainder being either in transit or being unloaded in Italy. In buying cotton this year, more spot than future cotton has been bought, because of the condition of the market. Probably the industry is pretty well covered up to the end of May, 1920.

Normal stocks are usually about 30,000 bales at the ports, and enough more to make up 100,000 bales in the mills.

The type of cotton used to the greatest extent in the Italian mills is full American middling, either Texas or Mississippi. Some long staple also is used, but this does not amount to more than 20,000 bales per year.

Generally speaking, the industry is in good financial condition, and needs no financial help at this time. So far as exchange affects the situation the many problems

is to set up some sort of an Italian Government agency, which would assume the risk for a period of years, and allow the spinners to withdraw from the transaction and eliminate uncertainty, except as related to rules of the Government agency.

The mills of Southern Italy have as a rule been small, but about three years ago about 300,000 spindles and 20,000 looms were merged in a financial control in the form of a stock company.

The export business of Italy in cotton goods has resumed only very slowly. Some Turkish business has resumed, and there are very splendid shipping relations with Salamatia and Constantinople.

In recent months, there has been some time given to encouraging shipments to the near east on a barter basis, but the difficulty in operating on a barter basis is that the industry is rather highly specialized, and there are few Italian concerns capable of handling both imports and exports. The export business in cotton goods apparently depends for its success on conducting a specialized sale of cotton goods both in Italy and abroad.

#### GREAT BRITAIN.

At a meeting of the Textiles Committee of the International Trade Conference, October 22nd, 1919, the following members were present:

##### *British Representatives.*

FRANK MOORE, LEICESTER, England.  
J. JOYCE BRODERICK, Washington, D. C.  
JOHN KING, Glasgow, Scotland.  
J. HOPE SIMPSON, Liverpool, England.  
J. G. JENKINS, London, England.  
G. E. BERKES, London, England.  
C. R. CARRY, Leicester, England.

##### *American Representatives.*

JOHN R. MUNN, New York City.  
J. R. MACCOLL, Providence, R. I.



EDWIN W. SMYTH, Philadelphia.  
GEO. K. MYERS, New York City.  
F. R. MASTERS.  
GEO. H. HODGSON, Cleveland, Ohio.  
D. R. CALHOUN, St. Louis.  
W. A. GRAHAM CLARK, Washington, D. C.  
CHESTER L. DANE, New York City.  
FESSENDEN S. BLANCHARD, Boston, Mass.  
GRANVILLE E. FOSS, North Andover, Mass.  
H. M. VICTOR, Charlotte, N. C.  
V. E. BLAGBROUGH, Washington, D. C.  
MELVIN T. COPELAND, Cambridge, Mass.  
W. R. SIBLEY, Washington, D. C.  
HOMER HOYT, Newark, Del.  
PAUL T. CHERINGTON, Boston, Mass.

Mr. Frank Moore of Leicester, England, made a general statement in which he said that apparently the cotton situation had already been pretty well thrashed out at the New Orleans meeting. So far as the wool trade was concerned, he said, there is plenty of trade for all of us. The devastated countries, he said, might very well be supplied from the United States. The general discussion which followed brought out the fact that there probably would be some reduction in output in the textiles in Great Britain as a result of the curtailment of hours to a 48-hour week. Mr. Moore said the normal pre-war consumption of 3,500,000 bales of cotton, of which 3,000,000 came from the United States, probably would not be materially reduced. He said that Great Britain did not need special credit arrangements for conducting this matter, for even the exchange difficulties he believed would be discounted. Manchester, he said, had been running on short hours—not over 60 or 70 per cent. capacity—and the mills were well sold up.

The British representatives made it clear that the manufacturers of Great Britain were very anxious to continue their export business and that they planned to make every effort to revive this business as promptly as possible.

Sir James Hope Simpson said that except in the devastated countries, the commercial connections for rebuilding the British export business in textiles already exist, and

that with production resumed, it was a safe assumption that reasonable restoration of British export business would follow, notwithstanding the fact, that wages in England have been doubled. One of the principal difficulties in the industry up to this time, he said, was in the matter of wool combing. Wool combers are not working well.

In replying to questions concerning the credit situation, Sir James Hope Simpson said that while no doubt Great Britain had over borrowed, it was not now inclined to extend credits unduly. He thought it quite possible that arrangements might be made in various quarters for the conduct of a barter business.

Further discussion brought out the point that usually the heavy purchases of raw cotton in the United States for use in Great Britain are completed by the end of November, or, at least, by the end of the calendar year, so that probably the needs for 1920 were now being cared for vigorously.

Attention was also called to the fact, that in view of the high cost of building and equipment, the construction of new textile mills probably would be very slow for a number of years, and that the indications were, that there would be a shortage of cloth of practically all kinds for a long time to come.

It was also shown that there is now under way in England a general movement for refunding and merging factories so that much of the machinery either is now or soon will be on the books at present prices. When this has taken place it is expected that more machinery will be bought.

Japanese competition was generally conceded to be one of the disturbing factors in the textile trade, and especially in the trade in cotton.

Sir James Hope Simpson, on being asked concerning the length of time necessary for the resumption of normal commerce with the bordering countries to the south and east of Germany, said that he thought probably it would take about a year for business to be resumed in Rou-

mania, and in Czecho-Slavonia. On the other hand, he said, he thought the resumption of business in Finland and Lithuania would not take as long.

### REPORT OF COMMITTEE.

The Textile Committee has endeavored to keep the discussion confined to four general headings:

1. Merchandise required in the form of:

- (a) Raw material.
- (b) Semi-finished products such as yarns.
- (c) Manufactured goods.

2. The present productive capacity and production in the foreign countries as compared with the pre-war production, and the tendencies as to costs, operations and supplies.

3. Available exportable surplus which the foreign country has now or desires to attain in the re-establishment of its textile industry, also the exportable surplus available from America.

4. The basis which may be suggested by the foreign missions as to the methods of procuring their requirements.

### FOREIGN TEXTILE SITUATION BY COUNTRIES.

#### FRANCE.

The Committee on Textiles had before them Messrs. Waddington, Godet, Potin and Dolleans of the French delegation. It developed that France was desirous of re-establishing its textile industry on a basis which would provide for their domestic requirements, and take care of the French Colonial trade.

Based on the available machinery operated to a reasonable commercial capacity, 75% of the production will be required for domestic consumption, and the remainder of 25% would, by and large, be utilized in the export trade, which has been developed largely with their own colonies under preferential tariff rates.

The French textile requirements appear to be confined almost entirely to raw cotton, and they estimate a total quantity of 1,050,000 bales of American cotton per annum. This will enable the industry to operate on its 48-



hour week, and provide their domestic requirements and export surplus. Any reduction in this quantity of raw cotton will tend to

- (a) Cut down full operation of their mills.
- (b) Necessitate a reduction in consumption, or
- (c) Cause a loss of an established export trade.

The French delegation is anxious to secure American cotton of the better grades, but will be willing to utilize the lower grades or turn to Egyptian cotton or Indian cotton, rather than curtail production.

At the prevailing price of cotton this represents an annual expenditure in this country of between \$175,000,000 and \$200,000,000.

M. Waddington indicated that there was no shortage of cotton at the present time in France, nor was there any individual financial obstacles to purchases on the part of the French manufacturers. The problem is one rather of the re-establishment of the normal rate of exchange.

The French Mission, indicated a welcome to investments of American capital in France textile enterprises.

M. Waddington spoke of his desire of having France receive American cotton on a preferential basis.

#### GREAT BRITAIN.

From our conference with the delegates from Great Britain, it appears, that the British cotton industry, and most other branches of the textile industries are rapidly resuming normal production. Their requirements of raw cotton will probably be about 3,500,000 bales of which 3,000,000 bales will be American cotton.

The British delegates stated, that their imports of raw cotton would be financed with the necessity of a grant of credit from America. It was pointed out, however, that several countries such as Poland and Czecho-Slovakia, are in desperate need of raw cotton which can be obtained by them only with the assistance of long-term credits from America.

#### ITALY.

The Italian cotton industry, which before the war employed 4,600,000 spindles, is to a large extent in a position to resume operations. Production is somewhat cur-

tailed by the shortened hours of labor. Allowing for this the estimated requirements for the current year are reduced from one million bales to 885,000 bales, of which 700,000 bales, formerly came from the United States, while estimated requirements from the United States this year, are 650,000 bales. Normal exports of cotton goods are chiefly to the Levant and amount to about 25% of the total output.

The Italian silk industry has been interfered with by the war and Chinese competition. But, it is the hope that with the restoration of more nearly normal conditions, exports to the United States will increase.

The hemp industry also is in a fair way to right itself and soon return to a normal basis.

In the manufacture of wool, Italy plans to emphasize competition in high grade products. With respect to these products and high grade cotton fabrics the delegates express a hope that the United States would lower its duties on Italian products in return for similar concessions in Italy.

The Italian delegates presented a statement concerning credits similar to that offered by the French delegates, namely; that while private concessions are not sought, it was hoped, that arrangements could be made between the governments of the United States and Italy, by which payment for raw cotton bought this year could be deferred until exchange conditions were more favorable.

#### BELGIUM.

No delegates familiar with the Belgian textile industries appeared for the conference with the committee.

Based on the figures of pre-war consumption.

#### PORTUGAL.

A representative of the Portuguese, explained to the committee, that their cotton industry is now resuming operations after an idleness due to lack of orders. They will need 80,000 bales of American cotton if their industry operates at full time. For the purchase of this cotton the Portuguese manufacturers would like long-term credits from America.

#### SUMMARY.

1. Textile production in Europe is rapidly becoming established on the basis of reasonable capacity operation

within the limits of shorter working hours, which have somewhat restricted output as compared with pre-war production.

2. America being an importer of all raw materials used in the Textile industry, except cotton, we find that all delegations are interested almost solely in the purchase of American cotton, and they have indicated no interest in purchasing wool, silk, flax or other textile fibres in this country.

In manufactured textile products, Europe is fortunately able to provide her own requirements, given the necessary raw materials and puts forth no demand on the American textile mills. American mills are producing a relatively small exportable surplus, which surplus, it is considered desirable to ship to those importing markets which will continue to be purchasers of our textile merchandise.

3. In order to provide raw cotton to those of our Allies whose exchange has suffered depreciation excessively the necessity of credit accommodation, is emphasized, so as not to handicap such Allies in competition with the neutrals, and those countries which are not so far affected by the high cost to them of the American dollar.

#### EFFECT OF AMERICAN TEXTILE INDUSTRY AND AMERICAN CONSERVATION.

4. Our own textile situation is sufficiently acute with the existing high level of prices that there is a distinct danger to us should overseas purchases tend to further elevate prices and accentuate further social unrest due to higher costs of necessary clothing—(we attach a confidential report of approximate demands for cotton with available supplies).

5. That, although there appears a demand for raw cotton in excess of the available indicated supply, it must be borne in mind that much European requirements have already been contracted from this year's crop, with the attendant enhancement of prices which has secured in the period of this active buying.

6. That while depreciated currency is a handicap in all countries which import from the United States for their own domestic consumption, it has a corresponding advantage when raw material or other merchandise is imported for re-export in competition with the similar products from the United States, and, it is as necessary, in the interest of our foreign trade to stabilize exchange, as it is for the foreign country to have it stabilized.



## RECOMMENDATIONS.

1. That, in spite of the possibility of unequal distribution of scanty supplies, no government agency should be established in the United States to allocate textile materials, particularly raw cotton.

2. That, if credit is granted to our associates in the war to assist them in rehabilitating their industries, and stabilizing exchange, adequate provision should be made to prevent inflation of the credit currency of the United States; further inflation would doubtless occasion another rise in prices, and aggravate the conditions that are already so threatening to the general welfare of the country.

3. That, if credit is granted as suggested above, adequate provision should be made to guarantee its utilization for specific purposes. The committee believes that it is to the interest of the textile industries of America as well as to the interest of others that this credit should be utilized as some sort of revolving fund to stimulate the increase of exports from Europe. The committee approves the appended resolution adopted last week, at the World Cotton Conference in New Orleans, regarding the method of financing cotton exports to our Allies.

4. That, inasmuch as there is a danger of a general scarcity of raw cotton not only this year, but for several years to come, every cotton manufacturer and consumer in the world should be urged to avoid waste and to use every practical means of conservation of the material. The Textile Committee, furthermore, strongly urges that every effort should be made to stimulate an increase in the production of raw cotton in this country and abroad.

5. That, consideration be given to the possibility that Italy, France, Poland, Czecho-Slovakia and possibly other countries securing American capital investments in established textile enterprises, which would appear to offer ample remuneration, reasonable safety and an opportunity to assist in the re-establishment of the textile industries of these countries by providing dollars for the purchase of raw materials here.

JOHN R. MUNN, *Chairman.*

COMMITTEES ON PERMANENT ORGANIZATION.

BELGIUM.

M. CANON-LEGRAND.  
M. VAN DEN VEN.  
M. DE GROOTE.

FRANCE.

All members of the Mission.

GREAT BRITAIN.

SIR ARTHUR SHIRLEY BENN.  
SIR JAMES HOPE SIMPSON.  
MARSHALL STEVENS. M. P.  
HON. J. G. JENKINS.  
BAILIE JOHN KING.  
FRANK MOORE.

ITALY.

B. ATTOLICO.  
D. GIDONI.  
V. MENEGHELLI.  
P. G. LAZZERINI.  
G. FUMMI.  
A. JACCARINO.  
F. QUATTRONE.  
G. GRANATA.  
L. SOLARI.  
L. PERERA.  
G. B. CECCATO.  
O. ROSSATI.  
SIG. OLDRINI.  
SIG. SERRATI.  
P. DECICCO.

AMERICA.

HARRY A. WHEELER, Chairman;  
Vice-President, Union Trust Co., Chicago, Ill.  
S. C. MEAD, Vice-Chairman and Secretary;  
Secretary, Merchants' Association, New York City.  
W. G. G. BENWAY, Assistant Secretary;  
Chamber of Commerce of the United States, Chicago, Ill.

ARNOLD, JOHN J., Bank of Italy, Montgomery & Clay Streets, San Francisco, Cal.

CARR, JOHN J., Director, Consular Service, Department of State, Washington, D. C.

FAHEY, JOHN H., Boston, Mass.

FILENE, EDWARD A., President, William Filene's Sons Co., Boston Mass.

HERRICK, MYRON T., Cuyahoga Building, Cleveland, Ohio.

JOHNSON, ALBA B., Philadelphia Pa.

KENNEDY, PHILIP B., Director, Bureau of Foreign and Domestic Commerce, Department of Commerce, Washington, D. C.

MINER, EDWARD G., President, The Pfauder Co., Rochester, N. Y.

RUBLEE, GEORGE, Cornish, N. H.

SEIBERLING, F. A., President, Goodyear Tire & Rubber Co., Akron, Ohio.

SKINNER, ROBERT P., American Consul General, London

SMITH, GEORGE ED., President, Royal Typewriter Co., New York City.

#### AMERICAN COMMITTEE.

Minutes of the proceedings of a meeting of the American Committee on Permanent Organization, held at the Traymore Hotel, Atlantic City, New Jersey, on Monday, October 20, 1919, at 2.15 P. M. There were present:

MR. A. C. BEDFORD.

MR. JOHN H. FAHEY.

MR. JOHN J. ARNOLD.

MR. WILBUR J. CARR.

MR. EDWARD A. FILENE.

MR. ALBA B. JOHNSON

MR. PHILIP B. KENNEDY.

MR. EDWARD C. MINER.

MR. GEO. RUBLEE.

MR. F. A. SIEBERLING.

MR. ROBERT P. SKINNER.

MR. GEO. ED. SMITH.

MR. S. C. MEAD, Vice-Chairman and Secretary

MR. W. G. BENWAY, Assistant Secretary.

In the absence of the Chairman, Mr. Harry A. Wheeler, the meeting was called to order and presided over by Mr. John H. Fahey.

A synopsis showing the origin, construction, method of operation, activities and rules and regulations of the In-



ternational Congress of Chambers of Commerce, were distributed for the information of the members of the committee.

Chairman Fahey made a historical statement relative to the International Congress. The Committee then took under consideration the following question: "Is some form of permanent international organization desirable?" After discussion, it was moved by Mr. Johnson, duly seconded and unanimously carried, that some kind of permanent organization is desirable and necessary.

The question then considered was: "What countries should be included in such an organization?" After consideration it was moved by Mr. Johnson, and duly seconded, that the five Allied nations, France, England, Belgium, Italy and the United States should be included. This motion was unanimously adopted. The next question considered was: "Should other Allied and neutral nations be included?" It was moved by Mr. Skinner, and duly seconded, that membership of such an international organization should be comprehensive in character and should include other approved Allied and neutral nations, leaving the approval to the discretion of the proper governing body of the organization. After a careful discussion of this action, it was unanimously adopted. The next question considered was: "What should be the basis of representation?" It was moved, by Mr. Bedford, and duly seconded, that it is the view of the committee, that at the outset membership should be confined to business and financial men, inviting government co-operation. This motion was carefully considered and discussed, and subsequently, unanimously adopted. The question then considered was: "Should the International Congress of Chambers of Commerce be utilized as a basis for such a new organization?" It was the consensus of opinion, disclosed by the discussion, that the organization should be created *de novo*, and that, if possible, the International Congress of Chambers of Commerce, should be merged therein. The following question was then considered: "What Steps may properly be taken now to start such

a new organization?" After discussion, an attempt to answer the question was deferred until after the conference with the delegates from the other countries.

The Chairman stated, that at his last conference with Mr. Wheeler, the important topics discussed with Mr. Wheeler, were about as follows:

(1.) Any form of organization should provide for the permanent secretariat or bureau with resources and facilities for continuing research work.

(2.) The resources of the organization should be sufficient to provide for committees on special international subjects and to make the reports available to member organizations.

(3.) A board of directors, or some governing body, is necessary to direct the work of committees and the secretariat, and to oversee the preparation of matter for meetings.

(4.) Action of the Conference in whatever form provided for would contemplate presenting the agreements arrived at to the legislative bodies of the various countries.

(5.) A study should be made of the League of Nations organization for the purpose of finding out to what extent the League of Nations would be prepared to deal with the decisions arrived at by the Conference.

(6.) The permanent secretariat should be expected to maintain a persistent follow-up system to press for action in the various countries the matters agreed upon.

(7.) The machinery of the organization should provide for the presentation of reports and questions in such a way that all the countries in the membership would have due notice of contemplated action and would have full opportunity to be heard and to register their views.

#### STATEMENT OF PURPOSES OF ORGANIZATION.

The Committee, by unanimous action, tentatively adopted the following statement of purpose of such an international organization.

"The purpose of the organization is to promote international commerce, to facilitate the commercial intercourse of nations, to secure harmony of action on all in-

ternational questions involving commerce and industry, and to promote peace, progress and cordial relations between the countries and their citizens by the co-operation of business men and their associations devoted to the development of commerce and industry."

The meeting thereupon adjourned until Tuesday, October 21, at 10 A. M., for a joint session with the representatives on the committee from Belgium, France, Great Britain and Italy.

W. G. G. BENWAY, *Assistant Secretary*.

### JOINT COMMITTEE.

Minutes of the proceedings of a meeting of the Joint Committee on Permanent Organization, held at the Traymore Hotel, Atlantic City, New Jersey, on Tuesday, October 21, 1919, at 10 A. M.

There were present:

#### *Representing the United States.*

JOHN H. FAHEY, Chairman.  
S. C. MEAD, Vice Chairman and Secretary.  
W. G. G. BENWAY, Assistant Secretary.  
JOHN J. ARNOLD.  
EDWARD A. FILENE.  
WILBUR J. CARR.  
ALBA B. JOHNSON.  
PHILIP B. KENNEDY.  
EDWARD G. MINER.  
GEORGE RUBLEE.  
ROBERT P. SKINNER.  
GEORGE ED. SMITH.

#### *Representing Belgium.*

M. CANON-LEGRAND.  
PROF. PAUL VAN DEN VEN.

#### *Representing France.*

M. TIRMAN.  
M. JULIEN POTIN.  
M. GODET.  
M. EDOUARD DOLLEANS.



*Representing Great Britain.*

SIR ARTHUR SHIRLEY BENN.

SIR JAMES HOPE SIMPSON.

MR. FRANK MOORE.

MR. GEORGE BERKES, Secretary.

*Representing Italy.*

COMMANDER DOMENICO GIDONI.

COMMANDER PIETRO GIOVANNI LAZZERINI.

CHEVALIER GIOVANNI FUMMI.

COMMANDER DR. AUGUSTO JACCARINO.

Together with MESSRS. SOLARI, SCARAMELLI DE CICCIO  
and BONASCHI as advisors.

The meeting was called to order by Mr. Fahey, acting chairman, of the American Committee, who reported that because of duties in connection with the Industrial Conference, now in session in Washington, Mr. Harry A. Wheeler, the Chairman of the Committee, was unable to be present. Mr. Fahey made a preliminary statement regarding the purposes for which the Committee was created, and the desirability and necessity for the establishment of some appropriate type of permanent international commercial organization as the result of the Conference now taking place.

The Chairman's statement was followed by remarks made by M. Cannon-LeGrand, relative to the importance of this matter. M. LeGrand inquired whether or not the American Committee had drafted a proposed concrete plan in any degree of detail.

The Chairman replied that the American Committee had been considering principles only, and that they had purposely refrained from drawing up a detailed plan of application of such principles in order that there might be full opportunity for free interchange of ideas in the joint committee meeting before the formation of detailed plans. The Chairman thereupon outlined the seven principles or topics considered by the American Committee, and set forth in detail in the minutes of the meeting of the American Committee, held on October 20th, 1919.

M. LeGrand stated that the Belgian, French and Italian Committees had discussed the subjects of permanent organization, and joined in suggesting for consideration the following draft of a basis for organization:

"This organization is not to be a Government Organization.

# 1. AIMS:

(a) To create an information bureau, which will centralize all economic data: Respective needs, present production and future possibilities of each country.

(b) To act as an organ of independent coördination, which will suggest trade regulations and legislative measures, that will facilitate and encourage the development of economic intercourse.

(c) To inform public opinion through the views of technical experts and business men.

(d) To put at the disposal of all official organizations the whole documentation prepared by those experts and business men.

# 11. ORGANIZATION:

(a) This organization will consist of the following elements:

1. An international bureau will be located at the seat of the organization, and will consist of two delegates from each nation, plus two sub-delegates, who will collaborate with technical assistants.

2. There will be a corresponding National Bureau in each country, which will be in constant relations with the International Bureau.

(b) This organization may include all countries that are members of the League of Nations, but subject to election.

(c) To each country will be left the designation of its own representatives, so that the representatives will actually reflect the economic forces at work in their respective country.

(d) A general meeting will take place every two years in one of the countries belonging to this Association. The views exchanged there will permit the representatives of the various countries to compare experiences and discuss reforms that may be in order.

In case of emergency, the Bureau may summon a meeting by giving three or four months notice.

Eventually, votes may be taken by post and resolution taken if two-third members vote for.

The Bureau may always, if it finds it useful, call for a meeting of specialist members.

### III. EXPENSES.

The expenses of the International Bureau will be borne by each Nation in the same proportion as in the International Postal Bureau of Berne.

### IV. SEAT OF ORGANIZATION:

It is desired that the seats of the permanent organization be located in (to be determined).

A joint Committee will be charged to prepare a complete plan of organization to be submitted to a special Congress next year, to which the actual five Nations represented in Atlantic City will send invitations."

The items contained in this draft were then discussed seriatim:

After a very frank and free discussion and consideration, it was the consensus of opinion that membership in the League of Nations should merely determine eligibility for membership in the new organization:

That the initiation and perfection of the organization should rest in the five countries represented in this gathering:

That the perfection of organization in each country should be left to that country, because of the difference in conditions in the various countries:

That it is preferable that the regular meetings should be biennial, and that there be provision for calling of special meetings and for some form of referendum system to be available in the interim between meetings:

That, there should be a preliminary organization effected at this gathering to formulate detailed plans of permanent organization for presentation at a first meeting to be called by the Committee and held in 1920:

That, each country should finance its own Bureau and



proportionally, contribute to the financial support of the International Bureau, either upon the basis of population, or in the ratio in which support is given to the International Postal Union, or upon some other appropriate basis;

That, provisions should be made for invitation to other selected nations to participate in the first organization meeting:

The subject of compensation of executive officers was discussed, and it seemed to be the consensus of opinion, that the administrative officers or bureau heads, who would be permanently engaged in the International Bureau work, should be adequately compensated, but that the executive officers, such as president or chairman, should not receive compensation.

Discussion also ensued in reference to the seat of the International Bureau of the permanent organization. No conclusion on this matter was reached.

It was moved by M. Tirman, duly seconded and unanimously carried, that there be a sub-committee of this Committee, consisting of two of the representatives from each of the five countries, to which Committee shall be referred the principles above set forth, and which Committee, in the light of the discussion at this meeting, shall prepare a report on permanent organization, based upon the principles set forth above, and that the report thus to be prepared be presented to the general Conference, between the Committee on Permanent Organization, and all other Committees of the Convention to be held this evening.

The members representative of the respective countries announce the selections for membership in the sub-committee, to prepare the report:

GREAT BRITAIN.

SIR ARTHUR SHIRLEY BENN.  
MR. FRANK MOORE.

## FRANCE.

M. TIRMAN.  
M. EDOUARD DOLLEANS.

## BELGIUM.

M. CANON-LEGRAND.  
PROF. VAN DEN VEN.

## ITALY.

CHEVALIER FUMMI.  
COMMANDER JACCARINO.

## UNITED STATES.

JOHN H. FAHEY.  
JOHN J. ARNOLD.  
S. C. MEAD, Secretary.

MEETING OF THE COMMITTEE ON PERMANENT  
ORGANIZATION, OCTOBER 21.

The meeting was called to order, at 8:30 o'clock, p. m., Mr. Alfred Bedford presiding.

The Chairman: Gentlemen, you see from the lists of committees that ex-President Harry A. Wheeler is the Chairman of the Committee on Permanent Organization. You all know that Mr. Wheeler is detained in Washington, on account of his very important duties there, in connection with the Conference now going on, he being the chairman of the group representing the manufacturers of the United States, called by the President. In Mr. Wheeler's absence, I asked Mr. Fahey, if he would act as chairman of the Committee. The Committee has been in session several times to give this matter most careful consideration, and I now ask Mr. Fahey to report to the Committee, and also to act as chairman of this meeting.

Mr. Fahey: Gentlemen, as Mr. Bedford has explained, your Committee on Permanent Organization, consists of

a certain number of members appointed to represent the United States, and some three to five members representing each of the foreign missions has been giving this matter consideration, and this evening, is prepared to present to you a tentative report as the result of their deliberations.

The question of international organization of business men and financial interests of the world, is obviously exciting more attention and receiving more consideration today than ever before in our history, and for evident reasons. The war has resulted in bringing us closer together in many respects. It is developing problems that we never before anticipated. Out of it is growing some new relations of the nations, which must, in the natural order of things, have to do with the development of the economic welfare of the several countries of the world represented in that league.

Beginning with something like a dozen years ago, seventeen years ago, to be exact, there was in existence the International Congress of Commercial and Industrial Associations developed in Europe. It progressed rapidly for some years without very much attention from the business men and business organizations of the United States. Its inception came from that splendid little country, Belgium. The man on whom the International Organization of Businessmen, was most dependent, is one of the distinguished members of the Belgium Delegation, whom we have with us on the occasion of this International Conference, I refer to M. Canon Legrand, who for 15 or 16 years, carried forward the lamp of progress so far as international commercial organization is concerned. Other economic interests have long seen the necessity for efficient organization, and have been ever willing to supply the necessary resources, its usual payment for businessmen, those most able to perfect the best kind of organization to fail to support their organization internationally as they should. The international courts of Chamber of Commerce in the last six years of its existence showed remarkable progress. The Congress at London in 1910 was



most successful. It was followed by the Congress at Boston when we persuaded them to come to this country in 1912, and finally, in 1914, it reached the peak of its achievements at the splendid Congress held in Paris in that year attended by something like 1,800 or around 2,000 delegates. If my memory serves me rightly that Congress was held under the auspices of the French Government and was liberally supported and encouraged by that Government. It was held under the most auspicious circumstances and was most successful in its results. On that occasion also much attention was given to the idea of better organization and a further development of this international chamber, but unfortunately, the intervention of war prevented the carrying out of those plans. This last spring the members of the permanent committee, or what we know in this country as a board of directors of the International Congress met in Paris to survey the situation and to consider what steps should now be taken toward its further reorganization and development; and it was agreed out of the discussions at that time that as a first step the leading commercial nations of the world which had fought together in this late great war should first meet and clear their ideas on this as well as other subjects. The result is this splendid conference in which we are now participating, and one incident of it has been this discussion of permanent organization along broader lines.

The committees appointed to represent the several nations began their sessions and the exchange of ideas and soon found that our friends from Europe have been thinking along rather more advanced lines, or in more definite form than we have; and so today we were able to arrive at an agreement as to a tentative plan and method. It should interest you to know that first of all our minds were in absolute accord as to the nature of the international organization and the fact that advantage to be taken of this meeting to take the necessary steps to perfect it, and so, as a result of these transactions I am privileged to present, on behalf of the committee, for your

consideration and discussion this unanimous report of the committee:

## REPORT OF COMMITTEE.

Your Committee on Permanent Organization begs to report that it has given careful consideration to the subject referred to it and, by unanimous action, joins in making the following recommendations:

I. That the need of more comprehensive organization of the commercial and financial interests of the various nations is imperative and that the present International Trade Conference should serve as the foundation on which to construct a permanent organization.

II. Your committee has adopted and recommends the following statement of general purpose of the organization:

"The purpose of the organization is to promote international commerce, to facilitate the commercial intercourse of nations, to secure harmony of action on all international questions involving commerce and industry, and to promote peace, progress and cordial relations between the countries and their citizens by the coöperation of business men and their associations devoted to the development of commerce and industry."

III. Your Committee believes the specific aims of the organization should be:

(a) To create a permanent international headquarters which will centralize all data concerning economic subjects and social conditions; the facts relating to the respective needs, present productions and future possibilities of each country.

(b) To act as an instrument of coördination which will suggest trade regulations and legislative measures to facilitate and encourage the development of economic intercourse.

(c) To inform public opinion through the publication of facts concerning business conditions and through dissemination of the views of technical experts and business men.

(d) To put at the disposal of all official organizations the reports and conclusions prepared by those experts and business men.

IV. Organization: Your Committee presents the fol-



lowing tentative suggestions as the basis for a plan of organization:

(1) A board of directors of two members selected by each nation. In the event of the inability of such directors to attend the meetings they shall be represented by an equal number of alternates.

The board of directors shall have general charge of the business of the organization, supervision of its policies and direction of the activities of the international headquarters and its staff. It shall determine the questions to be placed upon the agents for all meetings.

(2) An international headquarters shall be located at the seat of the organization. One representative of each member nation shall be attached to the international headquarters and shall be resident at the seat of organization and may have such necessary technical assistants as the board of directors may determine.

(Let me divert a moment there to explain that the purpose is a permanent international bureau at which each nation shall have a permanent resident representative or general secretary; that these secretaries may have such technical assistance as may be recommended by their organization and approved by the board of directors, thus providing continuous machinery, always available to the business interests of the nation.)

(3) There shall be a corresponding national bureau in each country, which will be in constant relation with the international headquarters.

(b) This organization may include all countries that are members of the League of Nations, but subject to election by the board of directors.

(c) The membership of the organization shall consist of chambers of commerce, commercial organizations, banking associations, and similar associations, the votes of which shall determine all questions of policy. Firms, corporations and individual bankers or business men shall be eligible to admission as associate members by vote of the board of directors and under regulations to be prescribed by the directors. Such associate members shall be entitled to receive the reports and bulletins of the organization and shall be privileged to attend meetings.

(d) In any nation having a national board or organization of its commercial interests the members of the board of directors shall be chosen by that organization. In countries where such national board or organization does not exist the plan of permanent organization to be



later prepared shall recommend some equitable method for choice of directors.

(To explain: Your Committee, as it discussed the details of this plan found, of course, that it was quite impossible to evolve in detail the type of organization finally necessary. There are great differences between the organizations in the various countries. Some of them have national functions of their organizations as we have in our Chamber of Commerce of the United States; others have smaller and more concentrated boards. In some countries the organizations of business men are partly official and partly private. The desire was that the selections of members of the board of directors, or governing body of the International should be chosen by the proper representative national board, if one existed, as being a more representative choice and providing a more convenient way of selection; but it was recognized that that machinery was not available in all countries. It is impossible at the moment to say what method may well be pursued for the selection of directors in countries having no national organization, and so it was agreed in the committee that that was a detail that might well be left for your committee on organization, as provided for, to work out in some circumstances.)

(e) The regular meetings of the general membership of the organization shall be held at intervals of two years, except that provision shall be made for the calling of special meetings when necessary. At such international conferences each organization represented in the membership shall be entitled to send not more than five delegates, who shall have the privilege of discussing all questions presented to the Congress.

(The view was held by some that it ought not to be more than two or three, on the ground that the Congress would otherwise become unwieldy to control. The view was that in a great international meeting of this sort it was wise to have various business interests represented, not merely manufacturing and commerce, foreign commerce, let us say, but that every type of business should have representation, or opportunity for representation. But since that was a detail calling for further consideration we agreed that the wording might well be: "Not more than five delegates," leaving the way open for further recommendation by a committee which would be able to give further time to the subject.)

(f) In taking a vote at the Congress each delegate shall be entitled to one vote. The vote shall be taken in

the first instance by a show of hands and the questions shall be decided by a majority of the votes recorded; provided, however, that delegates representing any two countries may ask for a vote by nations, in which case any decision previously recorded shall be final if the resolution proposed by the majority of the delegates is ratified by a majority of the countries.

(The question of voting in such a way as to protect the interests of all countries and leave the way open to no injustice is not an easy one to adjust; because of varying conditions it is obviously wise that the views of such a great international gathering should be taken as promptly as possible; and yet, if it be by a show of hands or *vive voce* vote, some provision must be given for the safeguarding of interests of nations; and votes would not, after all, be useful or of advantage unless they represented a general consensus of opinion. Therefore, our committee reported this, which you will understand, after all, is a tentative suggestion for deliberations on the subject may result in an even better plan, but that particular difficulty must somehow be met, as you will realize.)

(g) In all countries having a national board or organization of the commercial and financial interests, the applications for membership in the international organization shall be passed upon and approved by the national board of organization.

(The purpose on that, gentlemen, was this: If no check of that sort is provided the way is open for all kinds of organizations, great and small, whether their purpose be really serious or not, to have a place in your international organization. Certainly its force and strength will depend upon its character and its hands could well be weakened if its membership were not guarded with some care. At least the opinion of the committee was that if the duly constituted board of organization of the country was ready to recommend any applicant for membership that would assuredly furnish a safe basis for admission. Otherwise there might be some difficulty, as there has been on occasions in the past in the International, where men who were going abroad and were merely tourists and visitors attended sessions and added nothing to the strength of the deliberations or the character of the gathering, and that needs to be safeguarded.)

(h) The Committee on Permanent Organization shall consider, and, if possible, report as a part of a permanent plan of organization some practical method of securing the opinions of the members of the organization on im-



portant international questions in the intervals between the meetings of the Congress.

(That is a subject that has been given attention for some years by those who have been giving thought to this subject. You know the success with which we have developed the referendum system for the recording of votes in our organization in this country. It was felt that consideration of the project and further study than it would be possible to give in hurried meetings now might result in the development of some scheme, the adoption of which would make possible securing the business opinion of the world between the two-year periods of international meetings.)

(i) The Committee on Permanent Organization shall also report a recommendation as to the location of the permanent headquarters.

(On that article there was some discussion in our committee, the view being held on the one hand that probably it would be wise to have the permanent headquarters of this organization in close proximity to the headquarters of the organization of the League of Nations, perhaps in the same city. However, that headquarters is not permanently fixed. There was the view in your committee that that subject also should be given further consideration and should be a matter of later report.)

V. Temporary Organization: It is the recommendation of your Committee that the nations represented in this Conference, namely, Great Britain, France, Belgium, Italy and the United States, shall constitute a temporary organization, and that a joint committee be appointed representative of these nations to prepare a plan for permanent organization; that as soon as practicable a meeting be called by the Committee on Organization of the representatives of such nations as they may unanimously determine to invite, at which meeting the plan for permanent organization shall be presented for adoption in final form.

(Now a word on that: There should be a permanent organization to take these suggestions and work them out into a plan for permanent organization; that the members of the present International Trade Conference constitute themselves as the foundation of the international organization, really temporary organization, and when ready they shall invite other nations to join with them in a meeting to discuss a permanent plan, accept it and to begin the operations of the permanent organization.)



Your Committee recommends that the delegates in this Conference from each of the five countries shall select immediately two members of a joint committee on permanent organization to present a complete plan of organization for submission as provided above.

Respectfully submitted,

United States:

JOHN J. ARNOLD.  
WILBUR J. CARR.  
EDWARD A. FILENE.  
MYRON T. HERRICK.  
ALBA B. JOHNSON.  
PHILIP B. KENNEDY.  
EDWARD G. MINER.  
GEORGE RUBLEE.  
F. A. SEIBERLING.  
ROBERT P. SKINNER.  
GEORGE ED SMITH.  
JOHN H. FAHEY.  
S. C. MEAD.

Belgium:

M. CANNON-LEGRAND.  
M. VAN DEN VEN.  
M. DE GROOTE.

France:

M. TIRMAN.  
M. JULIAN POTIN.  
M. GODET.  
M. DOLLEANS.

Great Britain:

SIR ARTHUR SHIRLEY BENN.  
SIR JAMES HOPE SIMPSON.  
MARSHALL STEVENS, M. P.  
BAILIE JOHN KING.  
FRANK MOORE.

Italy:

B. ATTOLICO.  
D. GIDONI.  
V. MENEGHELLI.  
P. G. LAZZERINI.  
G. FUMMI.  
A. JACCARINO.  
SIG. OLDRINI.  
P. DE CICCIO.

F. QUATTRONE.

G. GRANATA.

L. SOLARI.

L. PERERA.

G. B. CECCATO.

O. ROSSATI.

SIG. SERRATI.

Gentlemen, that is the report of your committee for such consideration and discussion as you wish to devote to it. Let me add in conclusion that the one fundamental thing which members of your committee are impressed with is this: That with the present needs of the world the time is now, and the opportunity is now, for us to take progressive steps in this direction. The very fact that you are gathered here to deal with present-day problems is sufficient evidence of the fact that you are men of action. As business men we constantly hold ourselves responsible for action when the opportunity is ripe, when we are prepared for action; and so your committee presents this plan with apologies for the fact that we recognize it as incomplete in many directions; that it calls for retinement and for development, but we believe that if we may soon make a beginning while our guests from Europe are still in this country that we can take further steps toward its evolution before they leave and that within a short time we will be prepared to call others to join with us and to take steps to make this a real, living aggressive and useful thing.

Perhaps members of some of the delegations from abroad have some ideas with reference to this subject which they would like to present to you and likewise that there may be some members of our own committees who would be interested to ask questions or say a word on the subject, and it would be my pleasure to recognize any of you who are prepared to say a word. Perhaps it might be in order—indeed I think it would be most fitting—that the particular man who has contributed most in this direction and whom we must all recognize, should say a word to us on this subject. The business men of every

country in the world are under the greatest obligations to M. Canon-Legrand.

#### REMARKS OF M. CANON-LEGRAND.

*Mr. Chairman and Gentlemen:* Excuse me if I cannot speak English as well as I could wish in order to thank you for the good feelings you have just expressed toward me. I want expressly to thank Mr. Fahey for the good words he said of me and to express our feelings of good will toward Mr. Wheeler, who is absent for the moment and whom I had occasion to know seven years ago.

As Mr. Fahey has told you, the work of the International Congress of Chambers of Commerce was initiated in Belgium about 14 years ago. It was in Liege, in 1905, that for the first time we in Belgium had the idea to convoke the members of the Chambers of Commerce of the Netherlands and of the world, if possible. After this meeting in Liege, and the following year we had our second meeting of Chambers of Commerce in Milan and there we had the pleasure of seeing about 300 members in attendance. Two years later we went to Bohemia, and there the attendance was still greater, being about 500. Two years later we were in London where our Congress was attended by about 600 members; and it was in London for the first time that we had the pleasure of meeting what I may call our friends of America. I remember in London Mr. Filene came with some business friends to invite the Congress to hold its next session in America, in Boston. Of course we accepted that invitation and two years later we were in Boston. It is a great pleasure for me to recall the reception given us when we landed in your country seven years ago. Your reception of us was so great, so large, so sympathetic, that it has always lingered with us and always will. We were marvelously received and after that reception at Boston we had the pleasure of making a trip about the same as that on which we are to start next week. But I am sure that after seven years we will find many new



things in your country, because America is always doing greater and greater things. We in Europe marvel at the height of your buildings and the length of your bridges. I am sure that after the lapse of seven years we are to see still more wonderful things than we did then.

As I remember it, at that Congress in Boston we had an attendance of about 1,000 members. Two years later we went to Paris and had about 2,000 members. You see the work which had been done. Its beginnings were rather modest, but we feel like you, that the circumstances of wars have changed things and that our modest work in the matter of international congresses of chambers of commerce, which met every two years, was not enough and that there must be special relations between nations, especially to begin amongst the nations which have fought together and won the victory together; and we quite agree to the proposition which was made that, during the intervals between the congresses, it was necessary to keep all the nations in close contact. That is the reason of the article of the report read by Mr. Fahey to the effect that during that period there must be found some way of taking a referendum in order to act in a continuous manner about the great economic and social questions. Those reasons, gentlemen, are the reasons why a new structure is now necessary and we are quite sure that the warm reception you Americans have given to the idea will aid the progress of our work and create an institution that will make for the future welfare of humanity.

*Mr. Fahey:* Gentlemen, I am sure that M. Schneider, of the French Delegation, will want to say a word on this subject.

#### REMARKS OF M. EUGENE SCHNEIDER.

Gentlemen, I was quite unprepared to speak tonight on this most interesting subject, but I must observe that perhaps I am not quite a stranger to this question, for while we were crossing the ocean M. Canon-Legrand was

relating to me some of the things that happened in the Congress in Paris. He told me that this Congress was the occasion of the meeting of many members of the different countries. While I was not present in my own country at the time of the conference in Paris yet my people received that Congress in my works at Creusot. M. Canon-Legrand reminded me the other day that some of the members of that Congress were Germans. I had the opportunity of giving them a bird's eye view of the guns, the effectiveness of which they were to learn a few years later.

While we have been speaking of war weapons I think this Congress is going to be a striking, and most interesting and most useful peace weapon. One of the things that impressed itself upon me most forcibly is this sentence in the first page of the report: "The purpose of the organization is to promote international commerce, to facilitate the commercial intercourse of nations, to secure harmony of action on all international questions involving commerce and industry, and to promote peace, progress and cordial relations between the countries." Personally I think and believe that one of the most lasting effects will be the promotion of peaceful ideas. We must observe that during the past few generations most of the difficulties between nations have come from economic misunderstandings. Therefore I affirm and believe that if we may, in a peaceful manner and in a friendly way, talk over all those matters before they come to a difficult point we may do a wonderful work towards the preservation of peace.

I think a great change has been made in the ideas of relations between countries. Just a few days before I left Paris I was received by the President of the Republic and I was received by our Premier, M. Clemenceau, and both of them told me that they understood and distinctly knew that in the future the business men were going to interfere in political matters, and M. Clemenceau told me that we were the modern type of ambassadors.

Gentlemen, I will not detain you longer, but I want to

thank our American friends for the splendid idea that prompted them to include this question among the various matters we wanted to discuss. I think that of the different questions we have had to consider this will certainly be one of the more lasting and most useful.

*The Chairman:* It might interest you to know in regard to M. Schneider's reference to the visit of the last International Congress to his magnificent plant at Creusot, that there were some ninety odd German delegates present at that conference; that one of the most interesting and inspiring things that we saw during the trip, which was taken under the auspices and at the invitation of the French Government was the exhibition of modern artillery to which he refers. Moreover, the fact that the entire plant was thrown open for view without the slightest hesitation, in great contrast to visits that perhaps some of us have had in past years to Krupp's and to similar plants. I well remember that following that day at Creusot, on the way south on the train, the comment was freely made on the part of the men who were present that it was a fine thing that the work of the great Creusot plant was not confined to the making of artillery and ammunition, but to other and more useful things, and that surely the day was not far distant when there would be no necessity for creating engines of war when the entire production could be turned to articles of peace. In less than thirty days, gentlemen, we were on the eve of war.

*Mr. Fahey:* We wish to hear a word from our colleagues from Italy on this particular subject and I am confident that Commander Quartieri would like to say a word to us.

*Capt. Lazzeini:* The Commander says that with your permission he would like to have Signor Mylius speak in his stead.



## REMARKS OF COMMANDER GIORGIO MYLIUS.

*M. Mylius:* I take pleasure in addressing you, gentlemen, and I am glad I am here with this new organization and hope to be at any future meeting of the association. I came to the meeting of the Chamber of Commerce in Brussels and to that of Paris in 1914. I have already been in our international organization and I can appreciate all the benefit which one can receive from it. The International Federation of Manchester, on whose board of directors I have sat eight or nine years, has journeyed all the world round to have congresses, from Manchester down to Egypt and then in America and all over Europe, and intercourse at those Congresses in the form of social gatherings brings great benefit with it, the intercourse of business men of the different nations and the particular people who are living in the nation in which the Congress is held, who gather, of course, more numerously.

I have heard with pleasure how the rules have been drafted and I think they will be very successful, and I can only wish that the organization should be promptly organized and put in order.

*Mr. Fahey:* The experience of Sir Arthur Shirley Benn, chairman of the British Delegation, in international organizations, and his interest in the subject is such I know that we could not prevent him from saying a word on this subject. I take great pleasure in calling upon Sir Arthur Shirley Benn.

*Sir Arthur Shirley Benn:* Mr. Chairman, you have been kind enough to say that you cannot prevent me from saying a word. I am afraid I have said more than a word or two already, but Bailie John King, who comes from Scotland, would be glad to say a few words to you in behalf of our delegation.

## REMARKS OF MR. BAILIE JOHN KING.

*Mr. Chairman and Gentlemen:* I understood that I was to supplement what Sir Arthur intended to say. However, I am glad to be present here with reference to the

particular matter that is now engaging our attention. I think of all the subjects which have come before us at this time that none is more important or is charged with greater possibilities than this arrangement which we are seeking now to make and the meetings which have been forecasted in the draft arrangement which is now before us.

Gentlemen, we here have all had painful experience. It is wonderful that the painful things of this world often produce the very best results. Gray mornings are often the precursors of brightest days; and weeping springs are followed by sunny summers and autumns of richest harvests. And so, in the business as in the natural world, they who sow in tears shall reap in joy. We have gone through painful experiences. The blood of many related to all of us here has dyed the ground in France and Belgium, and now out of that welter I trust will come, under the auspices of this great nation who has been our host in these past days, such a structure of peace that will bring prosperity and amity to the nations, and that we shall have cause to remember Atlantic City as being the birthplace of one of the greatest institutions the world has ever seen, such an institution as will bar these conflicts which have dyed the heather with blood.

*Mr. Fahey:* I am sure there must be among the membership of some of our own committees some gentlemen who have an interest in this subject and who would like to say something on it and the chair desires to say that the meeting is open for discussion of all questions or for any remarks on the subject as a whole which you care to make. I wonder if Mr. Alba Johnston does not wish to say a word to us on this subject?

*Mr. Johnston:* I will give place to our honored friend Mr. Farquhar.

*Mr. Fahey:* Mr. Farquhar, Mr. Johnston suggests that we ought to have a word from you.

Let me say, gentlemen, that Mr. Farquhar is an honorary vice-president of the Chamber of Commerce of the United States and is one of the members of our board of

directors, a man who, through his life, has contributed to the business progress and commercial prosperity of our country and has done his full share in building up the organization machinery of the United States Chamber of Commerce. Mr. Farquhar, of York, Pennsylvania.

REMARKS OF MR. A. B. FARQUHAR.

*Mr. Chairman and Gentlemen:* It has certainly been a very great pleasure to meet you all here. I was in Europe just before the war broke out on a semi-government mission through France, Belgium, Germany, Bohemia, Austria, and the Balkans, and while there in the Balkans the war commenced. I did not hear a single person in France or Belgium, or Germany, or Austria speak the word war, although I passed from Austria into the Balkans just about ten days before it commenced. It did not seem that the masses of the people had any idea that this great war could come, and from it I am led to believe that it is the work of the military spirit which I think is going to be silenced forever by this League of Nations. But commerce has done more to bring peace than any other cause. It brings peace and enlightenment. Without commerce the world would still be living in caves, dressing skins; there would be no intercourse, no improvement, no advancement. It is commerce, invention and manufacture, that has advanced the world and made it what it was. As M. Schneider said, Clemenceau told him that men of commerce, men of business, will be the diplomats. I think the time has come now, when we should have an able man of business, at least one with intelligent business methods to take the helm of state, and direct the affairs of recuperation. It is very certain this waste of war can only be compensated for and the world brought back to prosperity by increase of production, careful management and efficiency. That is so absolutely certain, so full of common sense, that no one could doubt it. We all should be willing to work longer hours, be more economical and more efficient, until we make up



what has been lost. Except for the noble work of our European friends, British, French, Belgian and Italian, we probably would be in the throes of a terrible war ourselves at the present time. If they had been conquered, there is no question but what the war would have come over to our borders. I feel that we owe a very great debt to them, and, for my part, I think, it should be paid. I am ready to do my share, and to advocate the payment. We are all bound together now as one nation throughout the world. What benefits one portion of the world benefits all, and our interests are intertwined with those of Belgium, Italy, France and England; and their prosperity will be prosperity for us. Therefore, we should not hesitate a moment to grant any assistance that will be necessary to restore their prosperity.

In this country, we have had great men. Our constitution, I think, as Gladstone remarked, is the greatest form of government that ever emanated from the mind of man, the first really great form of government the world has ever seen. There were great men in those days and we have had great men since. It is my good fortune to have known a good many of them. Among my first acquaintances that made a great impression upon me was our great President, Abraham Lincoln, called the typical American of all times. He embodies all the great principles of the Americans, rose up from humble beginnings. I was with him, knew him before the war, knew him during the war, walked and talked with him, was with him at Gettysburg, sitting in the corner of the platform as he delivered a classic which you have all heard, but which, like many other good things, cannot be repeated too often. I am going to repeat it now. It was a memorial to the great battle of Gettysburg, the greatest of the war, when they came there to honor the dead who had been buried there. He said:

“Four score and seven years ago, our fathers brought forth on this continent a new nation, conceived in liberty, and dedicated to the proposition that all men are created equal. Now we are engaged in a great civil war, testing

whether that nation or any nation so conceived and so dedicated, can long endure. We are met on a great battlefield of that war. We have come to dedicate a portion of that field as a final resting-place for those who here gave their lives that that nation might live. It is altogether fitting and proper that we should do this. But in a larger sense we cannot dedicate, we cannot consecrate, we cannot hallow this ground. The brave men, living and dead, who struggled here, have consecrated it far above our poor power to add or detract. The world will little note, nor long remember, what we say here, but it can never forget what they did here. It is for us, the living, rather to be dedicated here to the unfinished work which those who fought have thus far so nobly advanced. It is rather for us to be here dedicated to the great task remaining before us—that from these honored dead we take increased devotion to that cause for which they gave their last full measure of devotion—that we here highly resolve these dead shall not have died in vain—that this nation, under God, shall have a new birth of freedom and that Government of the people, by the people, for the people, shall not perish from the earth.”

And from the last inaugural:

“With malice towards none, with charity for all, with firmness in the right, as God gives us to see the right, let us strive on to finish the work we are in; to bind up the nation’s wounds; to care for him who shall have borne the battle and for his widow, and his orphans; to do all which may achieve and cherish a just and lasting peace among ourselves and with all nations.”

*Mr. Fahey:* Gentlemen, one of our American business men, who thinks internationally and who, during the late war, made a splendid contribution so far as our ability to take part in that struggle is concerned, is Mr. Edward N. Hurley, of Chicago, Chairman of our Shipping Board during the trying period when our ships were trying to come to your aid on the other side of the Atlantic. Mr. Hurley has a national view, and the true imagination of an American business man. I know he will have a word

or more of interest to say to you on this subject, and I am going to take great pleasure in presenting to you, Mr. Hurley.

REMARKS OF HON. EDWARD N. HURLEY.

*Mr. Chairman, Mr. Bedford, and Gentlemen:* I appreciate your kindness, Mr. Chairman, in asking me to say a word. I first want to congratulate the Chamber of Commerce of the United States for the progress they are making in cementing the ties between our neighbors across the "pond" and the American business men. I had an opportunity to come in contact with the Chamber of Commerce of the United States, as a member of the Federal Trade Commission, and later as Chairman of the United States Shipping Board, and I always had the feeling that if I wanted to get advice and counsel that was sound and sane in the public interests—and, gentlemen, the business interest is nothing but the public interest—I could go to the Chamber of Commerce and receive their guidance, counsel and advice. I have gone to them many times and never found them wanting.

I have a thought in connection with our deliberations here, and am going to address myself for the moment to the American business men who are conferring with our friends from the other side. They are over here after a very trying period, and we are all anxious to be helpful. Sympathy is all right; doing something is all right; but results is what they need, and what we should try to bring about. We should strive to do something that is constructive. If we are going to continue on with friendly lines, which wish is in the mind of every American and of every man here tonight from the other side, we must start to do business direct by placing orders with our friends on the other side for the products that they are manufacturing, and that they can get. The balance of trade must be fair. Otherwise, we are not doing business, and we are not helping ourselves. We have a large



number of ships today for service coming back in, and I, for one, am anxious to join with the other American business men, to try and purchase everything that we possibly can from the nations that are represented here tonight. Thousands of good articles for sale. That is the way to balance trade, and to help them financially. Loaning money is a fine thing, and those nations that require it should have it; but the placing of orders, laying aside any selfish motive we may have on being fearful that they might take some of our business. Let us say that we are going to do business along business lines, not for this month alone or for next month, but for the years to come; allow them to find themselves and reconstruct their business demoralized during the war. In this way we will do more to bring them back to their former sound position than in any other. I thank you, gentlemen, for your kindness.

*Mr. Fahey:* Gentlemen, we have had the privilege of having as our aid in perfecting this report and in some advanced study of the subject, Mr. S. C. Mead, of New York, the Executive of the great New York Merchants' Association, and one of the ablest men in that capacity in the country. Mr. Mead, representing that great organization, has given considerable thought and study to this particular subject, and I am sure you will be interested in having an expression of views from him. I take pleasure in presenting to you, Mr. Mead.

#### REMARKS OF MR. S. C. MEAD.

*Mr. Chairman Mr. Bedford, and Gentlemen:* This is, indeed, a very unexpected pleasure or task, whichever way you may look on it, which has been imposed upon me. I desire to address myself for just one moment to the report which is before the meeting.

I agree with one or two of the speakers that have preceded me in the belief that there is no more important single subject before this gathering than that of, at least,

starting the work of perfecting some form of efficient, effective, permanent co-operative organization between the nations represented here.

The subject matter covered by this report pertains not merely to the solution of the great problems which now confront the nations, which, to a greater or less extent, were simply temporary in character, and will be solved in the course of a few years, but this looks forward far into the future and, in my belief, far beyond the present generation. If there can be created out of this gathering a cohesive, strong, representative organization of business and social friendship between the business men of these nations, just think what it will mean for the future generations as well as for the present. Therefore, gentlemen, irrespective of the immediate questions of economics, reconstruction and finance in which we are involved for the moment, irrespective of all these elements, I feel myself that this particular matter of permanent organization is a far more important element in the sense that it will be of great value to the future; that it is a more important element than the problems which we are intermittently discussing, and which pertain to the present. It is, therefore, my hope, Mr. Chairman, that out of this meeting will come some action based upon the outlines presented in this report, which will insure the consummation of some such organization for the future. Thank you.

*Mr. Fahey:* I see back in the rear of the room, Mr. E. A. S. Clarke, President of the Consolidated Steel Corporation, one of the men of the United States engaged in the great world-wide trade, very familiar with international conditions and who, I am sure, is interested in this subject. I am going to ask Mr. Clarke if he will not say a word to us.

#### REMARKS OF MR. E. A. S. CLARK.

*Mr. Chairman and Gentlemen:* It is needless to say that I am really very much surprised at being called upon.

I can only say that I am certainly in most hearty sympathy with the formation of such an international organization as has been proposed, and I believe that from it must come very great benefits to our relations with our good friends from over seas. It can function in many ways and give us the opportunity for interchange of ideas, of opinions and thoughts and should be of the very greatest benefit.

I would like to add one word as to the great pleasure I have had in meeting with the delegates from the foreign nations, in the Committee on Metals, of which I have been chairman. We have met in the most delightful spirit of friendliness. The delegates have given us a picture of their conditions, which has been of the most intense interest, and which, at the same time, has given, I think, to all of us a basis of information as to their needs and to our duties. That lays on us the greatest obligation, as Mr. Hurley says, to perform here; and I most sincerely hope that when these gentlemen shall return to their own countries they will take away with them a real and definite assurance of a plan and action for aid in the restoration of their countries and in the solution of the difficulties which have come upon them during this terrible world-wide war. Thank you.

*Mr. Fahey:* I see another of our business men, the head of our largest American steamship company, the International, Mr. P. S. A. Franklin, President of that great steamship company. I am sure that he will be interested to say something on that particular subject. I take pleasure in presenting, Mr. Franklin.

#### REMARKS OF MR. P. A. S. FRANKLIN.

*Gentlemen:* It has been a great privilege and very instructive as far as the Committee on Shipping is concerned, to hear the views of the delegates from abroad regarding the conditions in their countries and their requirements. It has developed quite clearly, that certain



very large channels of commerce and trade have materially altered. Certain countries will require supplies in very large quantities as, for instance, coal to Italy from the United States, whereas, they formally secured it from England. The United States has now launched itself into a very important steamship ownership and will, therefore, have to take upon itself the burdens and responsibilities that formally they have not enjoyed. It was a great privilege to hear from these gentlemen, particularly the gentlemen from the nations that owned the largest amount of shipping, that they rather welcomed the United States in the business than otherwise. The other countries naturally want the assistance of the ships to deliver the goods that they require.

One thought has presented itself to us which really is in line with the discussion of the evening, as I understand it, and that is an international relationship in future business; that all present ship-owning nations of the world, should combine their forces as much as possible to get for the Allies, who have gone through this war—of course, the others have suffered more seriously than the United States, but, nevertheless, they have been in it recently—that we should try to combine forces of the Allies to take over and operate steamers in the trade that formerly were controlled and carried by German steamers and, I think, that if this international body should be formed, it would be a tremendous step in that direction. I cannot help feeling that it would be a very important matter if something of that kind can be accomplished. I think it would be helpful to the commerce of our Allies, and ourselves in the future.

It is a privilege to be asked to address you. I am very much indebted to you for this unexpected pleasure.

*Mr. Fahey:* The President of the Manufacturers' Export Association, for the past two years, is Mr. George Ed Smith, of New York, President of the Royal Typewriter Company. He has done much in recent years to develop the organization of our American business men in their relations to international commerce. Mr. Smith

has been giving us the benefit of his consideration as a member of our committee on this subject, and I am sure that Mr. Smith can add something to the discussion of this particular matter. I will ask Mr. Smith to address you.

#### REMARKS OF MR. GEORGE ED. SMITH.

I am as much surprised as any of the previous speakers, but very glad to add one little note possibly to what has been said, and that is the desire on the part of the American Manufacturers' to assist as far as they can in the reconstruction of other countries. We realize that this one-sided trade must change, and that in order to keep our trade our customers must be prosperous; that to be prosperous, they must produce; that in order to produce they must receive needed materials from this side. One thing I have noticed on the part of the citizens of this country is a desire on the part of the Americans and American business men to see, if need be, some of their business drop off in order that the manufacturers and producers of other countries may get on their feet, and that the citizens of those countries may begin to enjoy the life that we, ourselves, enjoyed.

Gentlemen, a big step forward has been taken in this organization which has been launched. I believe that you will see the day when this will be looked upon as a memorable occasion, to say further, that the success of this movement must be made a very close part of your own affairs. If this were not to succeed, as we hope it will, it would be a very sad thing for business men to have attempted it. Of course, we must be personally interested in the nations, but we business men are supposed to lead and set examples; and I sincerely hope, that each of us may support this movement to an extent that those who look to America to be a leader in this matter may not be disappointed. There are certain provisions made here for the support of individuals, and if all of us who are here

tonight, and have seen this movement launched, will give our individual support, it will go a long way towards launching this movement upon a smooth sea.

This International Congress of Business Men must be a success. If there is to be a political congress of the same nature and character, possibly we, as business men, can show in a small way the path; and if we can, we will have done something ourselves, for those who need our help at this time, and for future generations. I think a big duty rests upon every man in this room tonight. What has been done must be seen through, and, we as business men must not leave this room without taking with us not only the credit for what has been done, but the responsibility of carrying it through to a success.

*Mr. Fahey:* One of our most distinguished American business men, a former ambassador to France, who has shown great interest at home in the development of business men's organizations, recently president of the Cleveland Chamber of Commerce, one of the finest organizations we have in the country, honors us by being present tonight. I take very great pleasure in presenting to you Hon. Myron T. Herrick, of Ohio.

#### REMARKS OF HON. MYRON T. HERRICK.

*Mr. Chairman and Gentlemen:* It is a great pleasure for me to be honored as a member of the committee to welcome my old friends from La Belle France, also from Belgium and Great Britain and Italy.

I know of no movement since the war that has elicited more interest on my part in these reconstruction days than this meeting here at Atlantic City.

The creation of organizations that come naturally, or organizations that come naturally into existence are usually the most potent because they come to meet some urgent need. It was not very long ago—we all remember it—when there were little organizations in some of the cities called Boards of Trade, Chambers of Commerce



or something of that sort. They busied themselves largely by marking the local markets on the blackboard; took no special interest in civic affairs. If they took an interest in civic affairs it was only civic affairs. Their horizon was the town or the county and they did not go beyond. But, as the years have gone on, these organizations throughout the United States have multiplied and increased until there is hardly a village in the United States that has not a Chamber of Commerce. That Chamber of Commerce has broadened its vision. It has not only looked after the trade of that village, that county seat or that city, but it has finally assumed the obligation of civic affairs, and the best part of these organizations has been this: It has been wholly non-partisan with no social stratas, composed of earnest, patriotic men interested in their own affairs in the village or the city; broadening all the time its comprehension, and assuming responsibility. It is a natural growth of a natural process, grown naturally in these years to meet a supreme need and that need has now arrived. Why, what could we accomplish in meeting these gentlemen who come over here rightfully for encouragement, for coöperation, if we had not organization? That is the basis of everything practical. We found, without any propaganda, but by natural growth, our great country with a powerful organization the evolution of which was the United States Chamber of Commerce; and here we are, a non-partisan body prepared to do something for America when America never in the world needed it as she does at this present moment. That is the Chamber of Commerce.

We are ready. We are a comprehending people because we represent the highest, the little, and the lowest classes, if you choose to divide the population of a country into classes. We have been drawn very closely together in this great country of ours and are ready to speak to these gentlemen. We understand another thing, my friends from across the seas. We understand that our obligation—we have grown a little less selfish during this war—is to you. Why? Because you stood in the

breach during those fateful years whilst we dallied and waited, and you gave your best blood; but finally we backed into the war and thank God we came out with you on top. It is for those reasons, as one of the last speakers has said here, why we profited in those years. It is for those reasons that we should give you the first consideration, because in those years that we were so anxious, we were running full time, making money while you stood up there against a force that threatened the overthrow of civilization. You stood there; lo, you guarded the gate whilst we waited; that is why we should give you first consideration, in my opinion.

Mr. Farquhar, who quoted beautifully those words of that unselfish statesman; that man who, in a great crisis, forgot political considerations and supported everything to the one great cause of the country and humanity. Now, I want to quote from another man whose words apply to this meeting. He was our respected President during a period when there was peace and good-will on earth because of the existence of that friendliness of which you spoke. It was William McKinley. William McKinley thought as he looked over this country that we had been rather selfish and just about three-quarters of an hour before he was shot, stricken down by the assassin, he said: "The period of our exclusiveness has now passed." It passed then; we entered a concert of nations; and as the world developed, and as we have been able by a supreme effort, to save it for civilization, let us now, as we have entered this new period understand that our obligation is to maintain this fraternal spirit because it is self-preservation and because our greatest task is now here. We understand perfectly that while it is unspoken there is in the mind of every thinking citizen today for the first time a feeling that there are people who would overthrow this government; people who would delude labor; people who would delude capital; people who would delude the unsuspecting public for a purpose that is not disclosed. When the American people find, when they fully understand, that there is any group of

men—and that applies to the honest laboring man as well as to any citizen in the United States—when they understand that that purpose is to overthrow this government, then this government will rise in its might and down with that force.

So, I am pleased, gentlemen, to be one to welcome you here and to enter enthusiastically into the plan by which the comprehending people and the people in this world, who have striven so hard to save it; and by saving it have taught themselves unselfishness; have been thrown back on the splendid principles along which our country is organized and who understand—or I am pleased to feel that we shall be able together to understand how to lay aside our selfish interests; better understand that fundamentally we are all right.

If you want to know what a nation is going to do in a great stress, as I heard somebody say that they feared for Great Britain, that they feared for France, that they feared for America in this crisis, just ask what they have done in the past. They are bound to do it again. We know what England has done through the centuries; we know what Italy has done; we know what Belgium did, and we know what France has done through all the centuries; and, therefore, we know if banded together with an unselfish, honest purpose we are going to love each other, we are going to live in peace and harmony, and order will come eventually when all this is carried out; all of which is going to make this world worth while, I am sure.

*Mr. Fahey:* One of our business men who has been greatly interested in this subject for years, who has been a member of the permanent committee of the international before the war, and who has acted as a member of this committee, reporting on a tentative plan of organization, is Mr. Edward A. Filene, of Boston. I know that you will be interested in hearing few words from him on this subject.



## REMARKS OF MR. EDWARD A. FILENE.

*Mr. Chairman, Mr. Bedford, and Gentlemen:* You will not be surprised when I say I am surprised at being called upon, but this is rather unexpected.

I rejoice very greatly indeed that we are so near the realization of the strengthening and development of the international organization which our friend M. Canon-Legrand so devotedly started in Milan so many years ago. I have the greatest hopes of success, and one of the reasons is that when business men get together they can agree and can accomplish the purpose for which they get together. Business men know that no trade is a good trade unless it is mutually satisfactory, and on that basis we can build up an organization that will be effective in its work. Another reason why I confidently believe this organization will be of very great use for the world is that I believe that the resources of the world, the possibilities of production are not more than half developed as yet.

There are existing very great obstacles all over the world. Among the important obstacles is the failure of the business men of the different nations to get together as often as they should. There is a field of possible increase of production the international work of business men of the world. That is so promising that while it be difficult I believe it is sure to be successful. I believe with Mr. Hurley that the way to practically aid, coöperate, may I say, with the European nations is to buy their goods. But I think Mr. Hurley will agree with me that the goods have got to be produced at normal prices before we can buy them. I am just back from Europe and while there met our representatives, my own and those from seventeen of the big stores of this country. We believe that the adjustments will be made and are enlarging our European offices on a scale incomparably larger than before the war. But, gentlemen, the work for which this Congress has come together is primarily needed. If we are to buy those goods with exchange at 50 per cent

or 100 per cent more than normal it is exceedingly difficult to buy them and bring them here and sell them profitably. Therefore, I rejoice in the outlook that there shall come definite and substantial efforts for the reconstruction of business that will make possible the buying of those goods profitably to the nations of Europe and profitably to ourselves.

Finally, gentlemen, this war has somewhat diminished the number of princes, and Nature abhors a vacuum; and so I welcome to the possibilities of this organization to coming to the acquaintance of the world the new statesmen of the world, the new princes of the world, the merchant princes of the world, princes not because of their wealth, but because of international public service.

*Mr. Fahey:* Mr. Johnson, of Philadelphia, very happily suggested when I called on him that I secure a word from Mr. Farquhar, but I know that Mr. Johnson has something on his mind on this subject and on this Congress and I am going to return to him just the same and ask him for a world.

#### REMARKS OF MR. ALBA B. JOHNSON.

*Gentlemen:* I thought I had escaped. I had dismissed the subject of puzzling over what I should say from my mind and now you can readily understand that, after hearing from all these eloquent speakers there is nothing left for another man to say.

Mr. Herrick has referred somewhat to the development of Chambers of Commerce. I think it was about 90 years ago that the idea first started in the United States. The old Philadelphia Board of Trade was established at about that time and its course was very much as Mr. Herrick described, that is, it was a Board of Trade and had the shortcomings of the older organizations—their lack of vision, their lack of ability to fulfill the expectations of those who looked for results from them has caused a multiplication of such organizations until the time has come

in most of our states when we are embarrassed by their number and are striving to get back again to the uniformity of a lesser number in a more potential organization. That, however, is not the subject which is of interest to you, but the subject which seems to be worthy attention is the fact that the trade organization fulfills a place in modern civilization which is necessary and indispensable. Time was when the individual, rising head and shoulders above his fellows, exercised an influence in his community, in his state, or in the nation, which made his voice listened to with deference; but, with the multiplication of such individuals, with the enlargement of business interests, with the creation of great numbers of business organizations the individual voice is lost; it has ceased to have its potency, and it has become necessary for groups of individuals to unite in order to make their voices heard, and in order unitedly to speak and to avoid some disadvantages of individual advice and individual action. Therefore this movement of business organization has spread, as Mr. Merrick has said, not only throughout the length and breadth of the land, comprising alike the small villages, the towns and the small cities, but it has also spread to individual trades, to individual professions and to every diversity of business interest; and now when it is desirable for business to have its voice heard, whether in the community or in the nation organization is indispensable. Now, if this is true on the small scale and the larger scales which I have mentioned, it is especially true in international matters. Business men, united for a common purpose will have not only resources of investigation, but a potency of utterance when their well-matured expressions are ready to be announced.

I want to emphasize this matter of research. It is highly important that some great international organization like this should be studying the commercial problems of the world, those political questions which have a bearing upon commerce, the questions of tariffs, trademarks and other subordinate questions, all of which, however, are of vital interest to the individual business man.



Therefore, Mr. Chairman, it seems to me that this committee on permanent organization has done wisely in proposing such a plan of organization as that which has been put before you. I have listened to the report and read the report of the sub-committee with the greatest care. I can find no flaw in it and I confidently believe that it will receive the unanimous approbation of this organization and, therefore, Mr. Chairman, I move the adoption of the tentative plan of organization which has been proposed by the subcommittee.

*Mr. Farquhar:* I will second that motion.

(The motion was put by the Chairman and unanimously carried.)

## COMMITTEE ON RESOLUTIONS. REPORT OF COMMITTEE.

MR. JOSEPH H. DEFREES, Chairman.  
MR. ELLIOTT H. GOODWIN, Secretary.

### *Representatives of the British Mission.*

SIR ARTHUR SHIRLEY BENN.  
SIR JAMES HOPE SIMPSON.

### *Representatives of the French Mission.*

MONSIEUR EUGENE SCHNEIDER.  
MONSIEUR A. TIRMAN.

### *Representatives of the Belgian Mission.*

MONSIEUR FLORIMOND HANKAR.  
MONSIEUR CANNON-LEGRAND.

### *Representatives of the Italian Mission.*

COMMANDER DR. FERDINANDO QUARTIERI.  
GRAND OFFICER PROF. BERNARDO ATTOLICO.

### *Representatives of the United States.*

LEWIS E. PIERSON.  
GEORGE ED. SMITH.  
R. GOODWYN RHETT.  
JAMES S. ALEXANDER.  
JOHN H. FAHEY.

THEODORE F. WHITMARSH.

E. A. S. CLARKE.

WILLIS H. BOOTH.

As a result of the organization of the various committees appointed to meet with committees representing the Missions from abroad and the useful conferences, which have been in progress in advance of this Convention, your Committee on Resolutions found its task comparatively simple.

As you are aware, these Committees for the most part were organized to represent particular industries and groups of industries in the United States whose direct aid and coöperation were desired in efforts to restore the normal processes of commerce. The members of these Committees being representative of all the factors in their industries were, therefore, in a position to say what could or could not be done in their particular lines in meeting immediate needs of Europe, and likewise wherever it was possible to secure prompt results, they were in a position to influence action.

Reports from the Conference Committees have been received and adopted by you. In general, they have covered three phases of the questions before them.

First. Matters which the Committees could themselves take up with their industries and secure action with little delay.

Second. Matters calling for legislation or in which it is necessary to obtain the coöperation of governments, and,

Third. Questions calling for further study before the Committee is either able to act or make recommendations.

Through the instrumentality of this International Conference, accurate and dependable statements as to commercial, industrial and social conditions in the various countries represented here, have been placed before the public of the United States for the first time. Much new information has been made available. The problems involved are so many and complicated that no business man of experience would expect the committees to make comprehensive reports and recommendations as a result of the comparatively brief consideration they have been able to give to the data presented to them.

It is, therefore, most gratifying that each of the American Committees has been able to present a preliminary report carrying as many concrete suggestions and recommendations for prompt action as they were justified in

making under the circumstances. These reports have been presented and adopted by you. This action makes special resolutions on most of the subjects involved unnecessary.

Each committee reports the need of further work and investigation in order to follow up the results of the Conference and to deal with questions which could not be disposed of immediately. All of the committees of the Conference will, therefore, continue their work in co-operation with the permanent organization provided for the International Trade Conference and the Chamber of Commerce of the United States which will do everything possible to forward their efforts.

All of the reports made by the committees and the proceedings of the Conference will be published immediately and placed at the disposal of the delegates to this Conference and the business and financial organizations of the country. The same course will be followed as soon as additional reports are received from the committees. For these reasons your Committee on Resolutions finds it necessary to present for your consideration only a few resolutions which are general in character and which may be separately considered.

The resolutions which the committee desires to submit are as follows:

The following two resolutions were presented by the Petroleum Committee, considered and amended by the Resolutions Committee and as amended are recommended for adoption by the Convention:

#### *Reciprocal Recognition of Nationals.*

*Resolved*, That it is the sense of the International Trade Conference that nationals of each country should be accorded reciprocal recognition in foreign countries identical with that accorded in their own country to nationals of other countries.

#### *Governmental Control of Industries.*

WHEREAS, during the period of the war the conduct of commerce and industry throughout the world was largely placed under governmental control—the freedom of trade and the law of supply and demand being set aside, and;



WHEREAS, it was generally understood that this situation was purely temporary and would come to an end when normal conditions should be re-established;

Now, therefore, be it

*Resolved*, That it is the sense of the International Trade Conference that all restrictions on natural economic laws should be lifted as soon as the exceptional circumstances growing out of the war will permit.

The following resolution was submitted by the Coal Committee, considered and amended by the Resolutions Committee and as amended is recommended for adoption by the Conference:

*Restrictions on Coal Industry.*

WHEREAS, Our Conferences with the European Coal Committees have developed the need of extending and continuing exports of coal to Europe from the United States; and

WHEREAS, Various restrictions by agencies of the American and European governments prevent the most effective measures being taken to provide suitable coal of sufficient quantities under conditions mutually advantageous; and

WHEREAS, The need for several particular classes of coal in Europe and the production of many different kinds of coal in the United States make it necessary that the purchases, shipment and distribution of those coals should be handled throughout by practical and experienced business men familiar with the details of such business; and

WHEREAS, Governmental restrictions seriously interfere with the development of permanent and desirable trade relationships between the American coal industry and European consumers;

Therefore, be it

*Resolved*, That we urge the abandonment of governmental restrictions on the purchase, shipment and distribution of coal from America as soon as ever the circumstances of the respective countries will permit.

And be it further

*Resolved*, That the Conference requests the directors of the Chamber of Commerce of the United States to bring this resolution to the attention of the appropriate

American authorities, and that the members of the foreign missions be likewise requested to bring it to the attention of their prospective governments.

The following resolution originated with the Resolutions Committee itself and in the form here submitted it is recommended for adoption by the Conference:

*Interchange of Commodities and Raw Materials.*

In being in the common interest of nations that there should be the widest possible development of industry and commerce and that prosperity should everywhere prevail, the International Trade Conference deems it to be of prime importance that there should be the widest practicable interchange of commodities and in particular the freest practicable distribution of raw materials, and that at the present moment consideration should be given to the question of fair distribution of raw materials in connection with any financial plans for the revival or rehabilitation of industries which have been interrupted or prostrated by the war.

JOSEPH H. DEFREES, *Chairman.*

CLOSING EXERCISES.

*An Expression From the Foreign Missions.*

*Sir Arthur Shirley Benn:* Mr. Chairman.

*The Chairman:* Sir Arthur Shirley Benn.

*Sir Arthur Shirley Benn:* We beg to submit to you a resolution unanimously passed by the delegations from over the seas.

The members of the delegations from Belgium, France, Great Britain and Italy desire at this time to give public expression to their keen appreciation of the action of the Chamber of Commerce of the United States of America in extending the invitations which have enabled them to come to this great country under such inspiring auspices to visit so many of its great centers of industry and commerce and to come into close personal contact with so

many of its representative business men. They are deeply grateful for the splendid hospitality which has been shown to them by the Chamber and for the kind arrangements which have been made for their entertainment and instruction.

To each and every one of the distinguished gentlemen here present who, with admirable public spirit, have left the pressing affairs and traveled so far from all sections of the United States to give the benefit of brotherly counsel and encouragement in the solution of the vast problems with which their countries are faced, they desire to convey a personal and heartfelt message of thanks. Signed by the Chairman of the Belgium, French, British and Italian delegations, respectively.

FLORIMOND HANKAR.

EUGENE SCHNEIDER.

ARTHUR SHIRLEY BENN.

FERDINANDO QUARTIERI.

*The Chairman:* Sir Arthur Shirley Benn, M. Eugene Schneider, M. Florimond Hankar and Commander Quartieri, representing your respective nations, I have to say to you that we shall be glad indeed to enter this minute upon the records, and I will ask Mr. H. L. Ferguson, the President of the Chamber of Commerce of the United States, to make response to your most courteous resolution.

*Mr. Ferguson:* Sir Arthur and gentlemen of the European nations: I do not know anything more calculated to relieve the fatigue of a trip to New York and back today and a hard day's work in New York than to receive your resolution. I want to tell you that we appreciate it and it will be placed among our proudest possessions in Washington in the archives of the Chamber. It has been a great pleasure to have you gentlemen come over here, and I assure you that you have brought with you a message that made worth while all the work of bringing together this Conference; and, personally, we like you, we feel that you fittingly represent your great countries and we hope that this is but the beginning of a business association between the representatives of the great countries of the world which will do so much to cement the



peace and friendship of the world and to make possible that prosperity, harmony and good feeling so necessary to the happiness of all. Thank you.

MR. BEDFORD'S CLOSING ADDRESS.

*Ladies and Gentlemen:* We are drawing to the closing moments of this Convention. It is my privilege, as well as my duty, at this time to express on behalf of the Board of Directors of the Chamber of Commerce, and I am sure I can also speak for our friends from overseas, the very great appreciation we feel to those who have carried on and originated and helped make this Congress a success, the success I am sure you all feel it to be. Especially are we grateful to the Chairman of the Program Committee, Mr. Fahey, who has labored incessantly and earnestly to bring about this success. To the Chairman and members of the various committees our most grateful thanks go out. Never before, I believe, has there been such an aggregation of business men and bankers as has been assembled here in the work in this Convention. They have labored most assiduously and steadfastly and faithfully and have done a magnificent piece of work. Our gratitude to them is most sincere and heartfelt.

The staff of the association and of these committees we also wish to thank. Sometimes we little think when we come to these great functions of the immense amount of detail work and the long hours of labor that are entailed upon the staff, but their enthusiasm and goodwill and faithful devotion is what makes these kind of functions successful. It needs the right kind of a staff, and we have got it. I also want to thank the gentlemen of the Press. We could not do anything without the Press. The publicity of what has gone on here is what is going to make ultimately successful the mission these gentlemen have come here on and the Press has done splendid service for all and we are extremely grateful to them. Of course we would like to have been on the first page every

day, but with all the things that are going on and all eyes centered on Washington and here and there, we recognize sometimes that we are lucky to get in at all no matter how big we think we are. But we do feel that the mission these gentlemen have come to us on not only is important to them but is of vast importance for the well-being and good of our entire country; and so we are going to ask that the Press will continue to show its good will and appreciation of the importance of the work these gentlemen are doing as they go about the country.

I have been handed a letter of appreciation from the Press commenting the publicity staff which they say has been of very great assistance to them. It is signed by the newspaper correspondents who have reported the International Trade Conference and they make a special reference to Mr. Ben H. Lambe, who has done so much to help them in their work. This communication is signed by the representatives of the *New York Tribune*, *New York Times*, *Philadelphia Inquirer*, *Philadelphia Public Record*, *Pittsburgh Times*, *Financial America*, *Boston American*, *Philadelphia North American*, the Associated Press, the *New York Herald*, the *Sun*, the *New York World*, and the *Daily Current News* of New York.

One more announcement in response to a request for information on the proceedings of this meeting. It is announced that the record of the groups as well as the general sessions will be reported fully in the current number of *The Nation's Business*.

Now, gentlemen of the Congress, the formal deliberations of our Conference at Atlantic City come to an end. Our visitors from overseas will make, under the auspices of the Chamber of Commerce of the United States, a visit to a number of our larger cities and we will meet with our friends again in New York on the eve of their departure for Europe. Thus the International Trade Conference cannot be said to be at an end, for the plan in inviting our European friends placed no less importance upon bringing these business men into intimate contact with the commercial interests of our country in their re-

spective home surroundings than it did in bringing about the discussion here upon broad and fundamental topics.

We feel that it has been a very fruitful week. It has certainly been a strenuous one, and great credit is due to every man in attendance for the seriousness with which he has devoted himself both to the committee meetings and to the open conferences. The large attendance of representative American business men which we have seen here may be regarded by our friends from Europe as an indication of the intense interest American business men have now come to experience in our world trade relations. The registration of those who attended this Conference totaled some three thousand. Before the war to have gathered such a group as have come together here, and on such an errand, would have been absolutely impossible.

Let me say without another moment's delay that this large number of business men who have come here, representing, as they do, a cross-section of the whole commercial and financial life, have been perfectly delighted at the privilege they have enjoyed of meeting these delegates from overseas. That delight has been enhanced in no small measure, not alone by the charm of manner and unvarying courtesy so constantly displayed by all of our visitors, but by the far more important fact that you have brought to us a real insight, born of long observation and practical experience, into the vital affairs of their respective nations.

At the very outset of these conferences it was my privilege to ask of our visitors from overseas information upon certain very important, intimate information, going to the very depths of the problems of national prosperity, indeed of national safety and perpetuity. You have answered our questions in the spirit in which we asked them. Your perfect frankness and sincerity in attempting to reveal to us the real conditions as they exist in Europe has been both enlightening and satisfying.

It has been my opportunity for many years to have had intimate business relations with all parts of Europe. It



has been my privilege recently to visit England, France and Belgium and to see something of the way in which these countries were gathering themselves together and entering the new world of reconstruction.

And there has never been, as I stated in asking my questions, the slightest doubt in my mind as to the future safety of prosperity of Europe, and yet it has been reassuring and enlightening to me to hear the wonderful reports you bring us of the new vision and the new spirit which animates your people. A single statement, like that given me by one of the distinguished gentlemen of the French Mission, to the effect that of the forty million population of France, some eleven million are individual land owners, is the best possible answer to the question as to whether France is menaced by Bolshevism. No country, the rank and file of whose people have so great a stake in her prosperity and safety, can for one moment be in jeopardy from so insidious a thing. Many of us had heard that France had been bled white, but the facts which you have brought us, and the picture you have given to us, has made us all feel as never before that nothing can interfere with the future safety and prosperity of this great nation. She poured out her blood and her treasures with prodigality almost without precedent in history, and now, with great portions of her country still devastated and in ruins, we find her whole people arising in their might to a realization of yet greater destiny.

And I am sure all of us have been impressed with what we have learned here of Italy. The Italy of music, and art, and beauty we have long known, but the Italy of commerce, and trade, and manufacture; the Italy of invention and scientific research; the Italy of ambition and material prosperity, is an Italy with which our people have been unfamiliar. What you have told us has been a revelation, and we know that it will be a yet greater revelation as you continue to tell it to our people.

It has been a delight to have with us the distinguished delegation from Belgium. No information was necessary to make us feel more keenly appreciative of the sacrifices

Belgium had made during the war. The bravery and the undying perseverance of her people during that critical period will, throughout all ages, be one of the most brilliant pages of human history. We knew that if this war resulted in nothing else it must at all hazards bring about the restoration of Belgium to the material losses she has suffered during the war, but you have given us an insight into the spirit of enterprise and initiative with which you are engaging in your task of rebuilding the shattered industries of your country, and it is upon a knowledge of this unquenchable spirit of Belgium that will be established still greater confidence and good will on the part of the American people which will, I am sure, cement our relations, both commercial and as people, for all time to come.

And as for Great Britain: What an inspiring part she has played. Your delegates here have but intensified the feeling our people already have of enthusiastic admiration and profound respect for the unvarying steadfastness, resourcefulness and dependability of the great British nation. And we still feel, that which we never doubted, that from the demoralization of war English finances and trade, indeed even her whole national life will arise to greater strength and prosperity than ever before.

You, our foreign guests, have told us this story at Atlantic City. It has gone in part, by medium of the press, throughout our land, but we want you to continue to tell that story. Tell it to all our people. They will be keen to hear it and you will be gratified as you realize their satisfaction in obtaining the information you are so well able to give them.

It would be impossible to summarize in a few words the great work of this conference, and yet, looking back over the week, perhaps we can indicate in a few words at least the titles of several achievements of no small moment.

1. We have laid here the foundations for the establishment of a permanent international commercial organiza-



tion, a permanent medium through which the business men of the countries gathered here may exchange information and advice, may communicate their views of problems of mutual concern, and may coöperate in promoting intelligent and broadminded commercial development in behalf of the prosperity of the whole world. This is a great achievement, and one of the foundations of which we shall hope to build a great structure of international good will.

2. We have greatly clarified the problems of international credit and the methods by which the people of the United States may coöperate with those of Europe in hastening the reconstruction of the world. It has been made clear that if future credits on a large scale are to be extended to Europe they must be, not through government, but on private initiative, and yet all such activities must at all times have the cordial coöperation and encouragement of governmental authorities, and nothing should be spared in the form of legislation or such governmental action as may be necessary to promote this great end. To lend to Europe the stupendous sums which have been mentioned would require saving on the part of all our people. The extension of such credits cannot be by our banks alone. The banks themselves largely act as media through which to mobilize the credit resources of the merchants, the farmers, the working people, and the citizens generally, of our country. Our people must be made to see that through saving and through thus making possible these large European credits, the surest possible contribution will have been made to the prosperity and future welfare, not alone of Europe, but of our own country itself. Our people must also realize that if we are to be able to save the wherewithall with which to bring about the prompt restoration of the productivity of Europe, it cannot be accomplished by turmoil and strife at home. I venture to commend to my labor friends the importance of stopping to realive what they are about in the strikes now being threatened in this country. Industrial strife means not alone no saving for Europe, but it



means disaster to ourselves—to every one of us. The lesson of this is of vital importance to every man gathered here, and it is a lesson which it is incumbent upon each one of us to bring home in every way we can to those with whom we are individually associated.

Europe has not come to us as a suppliant, but has come to us offering America the most brilliant opportunity in history, and that Europe will arise from the war a greater Europe and stronger than ever before no man who has heard what has been said here for a week can question for a moment. The problem that faces America is whether we shall avail ourselves of the opportunity Europe offers to us to provide such substantial co-operation to Europe in her reconstruction that it may be brought about with a speed and in a spirit which will contribute not alone to the welfare of Europe but of the prosperity and happiness of the United States for all time to come. I wish to say to those gathered here from the business life of America that this is the supreme thought that we should carry with us from Atlantic City.

I am leaving this Convention with a new faith in the Allies, by whose side we were privileged to fight in this war. I am going to try and spread that faith among my fellow townsmen when I get back to my own business. If you share that faith, as I am sure you do, I ask you to do the same in your towns.

I myself am confident that as the outcome of the discussions here the situation can be met. A Committee on Credits and Finance, gathered from all parts of the country and comprised of men of the highest financial and business ability have made a report, in which they state briefly:

First. After considering the great problem from all angles the committee states definitely its belief that the requirements of the nations represented at this Conference can be met.

Second. No one plan can cover all cases. The problem of each nation is different from the rest. Not only finan-

cial, but commercial, social and political factors enter into the problem. It is the responsibility of America.

Third. The first definite step recommended is the formation of corporations for foreign credits under the Edge Bill.

Fourth. It is recommended that a permanent committee be immediately appointed by the Chamber, representative of the entire nation's interest in meeting this emergency which can present the case of the entire American investing public.

By following these recommendations a method will be found by which credits will be extended to the European countries, by which the people of the United States will be given the opportunity to help Europe and to help themselves by extending credits to those who are richly deserving of credit.

And now, if I may be permitted rather diffidently, as I bring these proceedings to a close, I shall venture to express something of the same thoughts I have hereinbefore stated in English in a few words to some of our guests who may not be so familiar with English language:

*Messieurs:* Maintenant que les séances de la Conférence Internationale du Commerce arrivent à leur fin, je veux remercier de nouveau nos amis d'Outre-Mer pour leur présence ici.

Vous voudrez bien me permettre d'exprimer la grande satisfaction que les hommes d'affaires Américains réunis ici ont éprouvée en ayant l'occasion de discuter les grands problèmes du commerce international avec les hommes éminents qui représentent la pensée nette, l'expérience mure et la courtoisie traditionnelle, et qui composent les groupes singuliers qui sont venus chez nous, d'Angleterre, de France, d'Italie et de Belgique.

Vous nous avez, Messieurs, fait voir l'Europe Occidentale sous un nouveau jour. Nous connaissions l'Europe

d'avant-guerre. Nous avons conscience de vos sacrifices et de votre courage, aussi bien sur le champ de bataille, que dans vos foyers, pendant ces années terribles de la guerre.

Vous venez maintenant et vous nous nous faites voir l'Europe de l'Ouest, se relevant de la douleur et de la dévastation, non seulement prête à assumer sa grande tâche de l'avenir, mais parfaitement confiante dans son pouvoir de reconstruire une nouvelle Europe, une Europe plus grande que jamais.

Vous nous avez fait partager votre confiance.

Vous allez maintenant passer en revue nos principales villes. Vous allez rencontrer nos hommes d'affaires en plus grand nombre encore. Nous désirerions que vous leur fassiez entrevoir les ressources et surtout l'esprit de vos différents pays comme vous nous les avez fait entrevoir, ici.

Vous trouverez dans chacune des villes que vous visiterez un accueil chaleureux et un esprit désireux d'entendre ce que vous avez à leur dire.

Ils désirent vivement connaître les besoins de l'Europe comme vous nous les avez exposés ici, et nous sommes certains que, lorsque vos visites dans les différentes villes seront terminées, vous aurez donné à tout le peuple Américain une nouvelle conception des relations commerciales et internationales.

Vous leur communiquerez quelque chose de cet enthousiasme pour vos différents pays que vous avez su nous communiquer, et vous aurez ainsi posé les bases d'un effort coopératif, entre notre propre peuple et ceux de vos Pays, comme jamais il n'en aura existé.

Nous félicitons vos divers pays d'avoir été si dignement représentés à cette Conférence, et nous nous félicitons nous-même de l'Occasion que nous avons eue de vous recontrer et d'échanger, nos idées franchement et amicalement.

Espérons donc que, comme résultat permanent, de ces grandes réunions il aura été créé de nouveaux liens d'amitié et d'entente entre la nation américaine et les



peuples des pays que vous représentez, et qu'ainsi une paix durable et une prospérité générale seront assurées au monde entier.

### THE TOUR.

That the business men of Europe and England might have an opportunity to view personally some of the great industrial centers of America, arrangements were made, in coöperation with the Chambers of Commerce in such cities, to visit Philadelphia, Baltimore, Pittsburgh, Cincinnati, St. Louis, Kansas City, Chicago, Detroit, Cleve-

land, Akron, Buffalo, Niagara Falls, Rochester and Boston, winding up with a week in New York before taking ship for overseas.

While social attention was a necessary part of the program, practical observation was the predominating purpose, and on this trip the visitors had opportunity to visit many of the great industrial plants of those cities which, during the war, poured forth the deluge of food, metal and material which supplied



D. A. SKINNER,  
Assistant Secretary, in Charge of Tour.

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The visiting mission sailed for home on the *President Grant* November 26, 1919.

The Committee on Tour and Transportation was composed of the following members:

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- (2) Comm. Engineer Fernando Quartieri
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- (4) Mr. Alfred C. Bedford
- (5) M. Florimond Hankar.

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- (4) M. Charlier.

## Seated—left to right:

- (1) Prof. Paul Van den Ven
- (2) M. Canon-Legrand
- (3) M. Florimond Hankar
- (4) M. Albert Neve
- (5) M. Albert E. Janssen.

## Members of the British Mission



## Standing—left to right:

- (1) Lieut. A. S. Jarratt
- (2) Hon. J. Joyce Broderick
- (3) Sir James Hope Simpson
- (4) Mr. Frank Moore
- (5) Mr. George Berks.

## Seated—left to right:

- (1) Mr. Marshall Stevens, M. P.
- (2) Sir Arthur Shirley Benn, K. B. E., M. P.
- (3) Ballie John King
- (4) Hon. J. G. Jenkins.



## Members of the



## Standing—left to right:

- (1) M. le Commandant Varaigne
- (2) M. Parmentier
- (3) M. Harinkouc
- (4) M. Collin
- (5) M. Dolleans

- (6) M. Maurice Boyer
- (7) M. Mazot.

## Seated—left to right:

- (1) M. Pellerin de la Touche
- (2) M. Waddington
- (3) M. Julien Potin
- (4) M. le Baron du Marais.

## French Mission



Standing—left to right:  
(1) M. Pesson-Didlon  
(2) M. Francois-Poncet  
(3) M. Ingouf  
(4) M. Loizeau  
(5) M. Lehideux.

Seated—left to right:  
(1) M. Eugene Schneider  
(2) M. Tirman  
(3) M. Roche  
(4) M. de Fremerville.

Members of the



Standing—left to right:

- (1) Mr. Antonio Agresti
- (2) Dr. Joseph Chiesa
- (3) Comm. Ersilio Baroni
- (4) Marquis T. Theodoli

(5) Chevalier Giovanni Fummi.  
Seated—left to right:

- (1) Comm. Pietro Giovanni Lazzerini
- (2) Comm. Pro. Vittorio Meneghelli
- (3) Comm. Prof. Bernardo Attolico.



## Italian Mission



Standing—left to right:

- (1) Engineer Mario Luiggi
- (2) Mrs. Antonio Agresti
- (3) Mr. Arturo Anzani
- (4) Mr. Paul Clagstone
- (5) Dr. Ildo Marchisio

(6) Comm. Augusto Jaccarino.

Seated—left to right:

- (1) Comm. Engineer Ferdinando Quartieri
- (2) Comm. Domenico Gidoni
- (3) Comm. Engineer Dr. Luigi Luiggi.







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